Daily Report

Central Eurasia

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Interstate Economic Forum Opens; Yeltsin Sends Greeting

LD1911104594 Moscow ITAR-TASS in English 1020 GMT 19 Nov 94

[By ITAR-TASS correspondent Igor Belskiy]

[FBIS Transcribed Text] Moscow November 19 TASS—Russian Deputy Prime Minister Aleksey Bolshakov has been unanimously elected chairman of the presidium of the CIS Interstate Economic Committee by the first meeting of the presidium of the committee, which opened here today. The preliminary agenda includes some 10 items, which deal with the creation of the CIS economic alliance, including the creation of a common customs space. It is planned to discuss organising issues, including the creation of a working group for speeding up the formaton of the collegium and staff of the committee.

Before the meeting started its work, a message of greeting from President Yeltsin was read out. Yeltsin is the chairman of the CIS Council of Heads of State. It said that "favourable conditions have now been created for the integration of the CIS member states ... The beginning was laid for the work of the institution, whose task is to strengthen mechanisms of the economic alliance." In the opinion of Yeltsin, "the most immediate task is to form the customs and payment alliances and to create conditions for the transition to a common market of goods, services, capital and manpower resources."

In his opening speech the chairman of the presidium of the committee pointed out that the CIS member states "have to face the situation which has no precedent, and they are moving towards economic integration not as countries with stabilised economies, but in conditions when all of them are living through an economic crisis, when the traffic of goods has been disrupted, when commercial production has been stopped by many industries."

Korotchenya Praises Results

LD1911174094 Moscow ITAR-TASS in English 1659 GMT 19 Nov 94

[By ITAR-TASS correspondent Igor Belskiy]

[FBIS Transcribed Text] Moscow November 19 TASS—CIS Executive Secretary Ivan korotchenya welcomed the results of a session of the leaders of the CIS Inter-State economic Council in Moscow on Saturday [19 November].

He particularly praised the decision under which the council will not pursue "perspective strategic goals," but will instead focus on "solving urgent problems which concern and affect every citizen in the CIS."

He believes this may help transform the Commonwealth of Independent States into an organisation envisioned by the original concept of the alliance.

Among the issues discussed on Saturday were proposals concerning the establishment of a common customs space, organisational issues and the first appointments in the council's board—Aleksandr Smirnov of Russia and Anvar Makhmudov of Uzbekistan have become the first members of the board.

Korotchenya said other members will be appointed within the next six to seven days.

He also said that the participants in the session adopted a number of documents which may be considered by the CIS prime ministers when and if they gather for their next meeting in Moscow on 9 December.

Korotchenya did not rule out the possibility that they could also discuss a candidate for the post of Inter-State Economic Council board chairman.

ITAR-TASS Carries Press Review for 19 Nov

LD1911085494 Moscow ITAR-TASS in English 0659 GMT 19 Nov 94

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow November 19 TASS—President Yeltsin has urged the intellectuals of the country to consolidate the democratically-minded part of society, ROSSIYSKAYA GAZETA writes; summing up the results of a meeting of the president with representatives of the Russian intellectual elite, held in the Kremlin on Friday [18 November]. The newspaper quotes the president as saying that the situation in the country "is undoubtedly grave, and complacency is impermissible." Nevertheless, IZVESTIYA points out, Yeltsin believes that it would be wrong to regard the situation as hopeless. According to NEZAVISIMAYA GAZETA, the president called the attention of participants in the meeting to the recent personnel changes in the government and stressed that no one of the recently appointed officials got his high executive post by accident.

Commenting on a meeting of the Russian and Azeri presidents in Moscow, NEZAVISIMAYA GAZETA writes that "Yeltsin and Aliyev found a common tongue, and the Russian president is likely to support Baku on the oil issue." In the opinion of the newspaper, Moscow has not worked out a common approach to the agreement on oil production, signed by the Azeri government and the consortium of Western oil companies in September. "The Russian fuel and energy complex, as well as the head of the Russian government, approved of the deal, while the Foreign Ministry said that the new agreement was at variance with the norms of the international law." This is why the meeting between Aliyev and Yeltsin was of "crucial importance" for Baku.

A "group of Moscow financiers and politicians ... started to take steps long before the official beginning of the electoral campaign, which are aimed at bringing their own candidate to the post of the Russian president,"

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ROSSIYSKAYA GAZETA writes today, quoting reliable sources. According to the newspaper, it is of no importance for those financiers and politicians what principles the candidate adheres to. The only thing that matters is that he should obey their instructions. First they considered seriously the candidature of Grigoriy Yavlinskiy. Then several more alternative candidates turned up, including an army general. They will remain in the background for the time being. Now the financiers decided to move to the limelight Moscow mayor Yuriy Luzhkov. Sources in the secret services believe, ROSSIYSKAYA GAZETA continues, that it is primarily the "Most" financial group and several banks, which are close to the Moscow government, that launched the campaign for making Luzhkov the Russian president. "With some imagination, the group may be called the party of 'moneybags' whose objective is to seize power," the newspaper writes.

Commenting on the forthcoming trip of Prime Minister Chernomyrdin to the Persian Gulf states, ROSSIYSKIYE VESTI writes that "he will get the most cordial welcome in the Arab states ... The Russian business community expects that the visit will put the relations with the Gulf states on the basis of specific agreements." According to IZVESTIYA, although Chernomyrdin will discuss mostly economic problems during his visit, there is no getting away from politics. Specifically, he will probably put forward a tentative idea about the creation of a "new security system" in relations between the Gulf states, on the one hand, and both Iran and Iraq, on the other.

Deputies to the State Duma regarded, and with a good reason, the resolution of the Baltic Assembly on the demilitarisation of the Kaliningrad region as an interference of foreign countries in Russia's affairs, PRAVDA writes. "We believe that the political analysts, who described the resolution as a 'deliberate provocation', have reason," the newspaper points out.

ROSSIYSKAYA GAZETA carries an article about the almost open activities of foreign secret services in the Vladimir region. According to the newspaper, enterprises of the military-industrial complex are of much interest for Western secret services, which send their officers there under the guise of journalists, attaches, advisers and staff members of various analytical centres.

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Chernomyrdin, Grachev Leave on Mideast Tour

LD1911112594 Moscow ITAR-TASS in English 1041 GMT 19 Nov 94

[FBIS Transcribed Text] Moscow November 19 TASS—Russian Premier Viktor Chernomyrdin who went on a Mideast tour on Saturday, hopes to boost economic and military cooperation between Russia and Mideast countries. The Russian delegation he leads departed from Moscow for the Arabian peninsula this morning.

The delegation includes Foreign Economic Relations Minister Oleg Davydov, Defence Minister Pavel Grachev and other statesmen. The Russian premier is also accompanied by managing director of the Rosvooruzhenie company (engaged in arms sales to foreign countries) Viktor Samoilov.

ITAR-TASS learnt at the state-owned Rosvooruzhenie company that the Gulf Arab countries are regarded as promising markets for Russian weaponry. Stable contacts have been established with some of them.

For instance, military cooperation with Kuwait dates back to 1977. An understanding was reached in 1944 to supply the emirate with "Smerch" missile systems and personnel armoured carriers BMP-3. Prospects for boosting contacts in this sphere are good.

Military cooperation with the UAE started a decade later. Russia supplied them with reliable weapons, including portable antiaircraft missiles "IGLA-1M" and personnel armoured carriers BMP-3.

The sides are now discussing measures to boost cooperation. No arms deliveries have been made to Oman so far. However, the sides established contacts in the military sphere at the level of experts this year, during which Oman specialists inspected samples of Russian weapons.

The Russian side expressed readiness to continue them at any level in order to achieve specific understandings. There is no military cooperation with Saudi Arabia. If Riyadh is interested, Moscow is ready to develop mutually advantageous relations with the Saudi side, the Rosvooruzhenie company noted.

Chernomyrdin Calls for New Level of Ties

LD1911201494 Moscow ITAR-TASS in English 1923 GMT 19 Nov 94

[By ITAR-TASS special correspondent Gennadiy Yezhov]

[FBIS Transcribed Text] Al Riyadh November 19 TASS—Bringing relations between Russia and Saudi Arabia to a new level is one of the priorities of Russia's foreign policy, Russian Prime Minister Viktor Chernomyrdin said on Saturday.

Chernomyrdin, who is currently touring the Persian Gulf region, is in Saudi Arabia on an official visit.

"The realisation of the need for considerable invigoration of ties between Russia and this region has long been there. However, for the first time in the history of Russia and Saudi Arabia this country is being visited by a delegation of such level," Chernomyrdin said as he addressed Saudi Arabian businessmen at the Chamber of Commerce and Industry.

"Only today we are beginning to discover the countries of the Persian Gulf region in earnest," he said. The premier expressed the hope that his meeting with King Fadh of Saudi Arabia today and the signing of a general agreement on cooperation between the two countries on Sunday will give a boost to bilateral relations.

The agreement is expected to lay the foundation for progress in specific areas, such as political, economic, military, technical, investment, sports and cultural cooperation. It also calls for establishing most favoured nation status in bilateral trade, which dropped to 30 million dollars in 1993.

Chernomyrdin invited local businessmen to visit Russia and learn to do business with their Russian partners. He stressed that the "effectiveness of cooperation directly depends on how well we know each other."

The Russian premier told the businessmen about several projects which could interest them and invited them to join in.

He also said that a joint commission on scientific and technical cooperation will be set up.

Presents Yeltsin Message to King Fahd

LD1911231294 Moscow ITAR-TASS World Service in Russian 2232 GMT 19 Nov 94

[By ITAR-TASS correspondent Vyacheslav Anchikov]

[FBIS Translated Text] Abu Dhabi, 20 Nov—Russian Prime Minister Viktor Chernomyrdin, who is on an official visit to Saudi Arabia, met with King Fahd Bin-'Abd-al-'Aziz Al Sa'ud at the Al-Yamamah Palace on Saturday evening. The Russian prime minister gave the Saudi monarch a message with wishes of success from Russian President Boris Yeltsin.

The sides discussed Russian-Saudi relations and prospects for cooperation between the two countries. They also examined some international problems, including the progress in the Near East peace process and the situation in the Gulf region.

On Saturday Crown Prince 'Abdallah Bin-'Abd-al-'Aziz Al Sa'ud gave dinner in honor of Viktor Chernomyrdin. It was attended by Saudi officials and members of the Russian delegation.

Russo-Saudi Cooperation Agreement Signed

LD2011102594 Moscow ITAR-TASS World Service in Russian 0956 GMT 20 Nov 94

[By ITAR-TASS correspondent Rafael Bikbayev]

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[FBIS Translated Text] Cairo, 20 Nov—A Russo-Saudi agreement on cooperation in the field of the economy, trade, investments, health care, science, space exploration, and youth and sport affairs was signed today in Riyadh, Sawt Al-Arab radio station reported today. The document—the first in the history of relations between Russia and Saudi Arabia—was signed by Russian Deputy Prime Minister Oleg Davydov, who is accompanying Russian Prime Minister Viktor Chernomyrdin on his trip to Persian Gulf countries, and Shaykh Muhammad al-'Ali 'Aba-al-Khayl, the Kingdom's minister of finance and the national economy.

Chernomyrdin Holds News Conference in Riyadh

LD2011115294 Moscow ITAR-TASS World Service in Russian 1010 GMT 20 Nov 94

[By ITAR-TASS correspondent Rafael Bikbayev]

[FBIS Translated Text] Cairo, 20 Nov—Russian policy is aimed at establishing peace and stability in the Middle East and the Persian Gulf and will remain unchanged in the future, Viktor Chernomyrdin, the chairman of the Russian Government, said today at a news conference in Riyadh. He is currently paying a visit to Saudi Arabia.

He praised highly the results of his meeting with King Fahd Bin-'Abd-al-'Aziz Al Sa'ud, which took place yesterday, adding that during the meeting they exchanged opinions on questions of bilateral relations and regional problems. Chernomyrdin said that the two countries had coinciding views on many of the issues discussed.

At the talks, the Russian side stressed the necessity of resolving the crisis around Iraq as soon as possible. The Russian head of government expressed a hope that international sanctions against Baghdad would be lifted if Iraq fully abided by the resolutions of the UN Security Council.

Hails 'Turning Point' in Relations

LD2011155494 Moscow Ostankino Television First Channel Network in Russian 1510 GMT 20 Nov 94

[From the "Novosti" newscast]

[FBIS Translated Text] Russia and Saudi Arabia today signed a general agreement on cooperation in trade, economic, scientific, and technical spheres.

I believe this to be a turning point in our relations, Russian Prime Minister Viktor Chernomyrdin said in Riyadh after signing the agreement. The head of the Russian Government urged the Saudi business community not to be afraid of investing in Russia, and promised that the money they invest would help enhance relations between the two countries.

Russia has already suggested to the Saudis a number of investment projects in oil industry, machine-building, and telecommunications.

Chernomyrdin Arrives in Kuwait on Visit

LD2011125094 Moscow ITAR-TASS World Service in Russian 1230 GMT 20 Nov 94

[By ITAR-TASS correspondents Gennadiy Yezhov and Viktor Lebedev]

[FBIS Translated Excerpt] Kuwait City, 20 Nov—Russian Prime Minister Viktor Chernomyrdin arrived in Kuwait from Riyadh today on an official visit accompanied by a representative delegation.

The head of the Russian Government is making a trip to a number of countries in the Arabian peninsula. It is the first such trip in the history of the ties between Moscow and the Arab capitals. The Russian prime minister was met at Kuwait international airport by emirate's Crown Prince and Prime Minister Shaykh Sa'd al-'Abdallah. [passage omitted]

Kozyrev Hails Ukraine's Ratification of NPT

LD1811202194 Moscow ITAR-TASS in English 1920 GMT 18 Nov 94

[By ITAR-TASS correspondents Nikita Yermakov and Andrey Shtorkh]

[FBIS Transcribed Text] Paris November 18 TASS—It is good that Ukraine has ratified the treaty on non-proliferation of nuclear arms, Russian Foreign Minister Andrey Kozyrev, currently here on an official visit, said today.

It is evident that Ukraine is progressing towards joining the non-proliferation treaty [NPT] as a non-nuclear state, as President Leonid Kuchma said, noted Kozyrev.

In his words, there are still ratification aspects to be clarified. For instance, a statement of the Ukrainian parliament says that nuclear arms are a property of Ukraine, while article 1 of the non-proliferation treaty prohibits ownership of nuclear armaments. There is a question whether Ukraine owns nuclear arms or not, said kozyrev.

Russia was the first to express in spring 1993 the readiness to guarantee security of Ukraine and work with other states in this sphere, said the foreign minister. A draft on guarantees acceptable for Ukraine has been elaborated, and Russia is ready to sign it. The United States and Great Britain have answered positive, and it is possible to sign the document at the upcoming CSCE summit in Budapest in December.

Speaking of European security, Kozyrev dwelt on possible expansion of NATO which alarms Russia and, probably, Ukraine, bearing in mind it is the matter of the bloc's border spreading towards the Ukrainian and Russian borders.

Several aspects of European security concern Ukrainian security and exceed the limits of the Ukrainian security guarantees. In this respect, Russia considers it necessary

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to adopt a document on security guarantees for Ukraine and on unity of Europe and inadmissibility of new barriers, said Kozyrev.

General Calls Joining NPT 'Important Step'

LD1811181494 Moscow ITAR-TASS in English 1628 GMT 18 Nov 94

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Transcribed Text] Moscow November 18 TASS—The ratification of the nuclear Non-Proliferation Treaty [NPT] by the Ukrainian parliament is an important step for ensuring nuclear security, Major-General Vitaliy Yakovlev, representative of the Chief Department of the Russian Defense Ministry dealing with issues of nuclear security, told ITAR-TASS in an interview today.

According to the general, Ukraine has been fulfilling all its commitments lately, including a separate Russo-Ukrainian agreement concerning nuclear ammunition.

In May 1992 tactical nuclear ammunition was removed from the Ukrainian territory, Vitaliy Yakovlev informed. At present under the reached agreements the dismantling of both tactical and strategic nuclear combat units is being carried out at enterprises of the Russian Ministry of Nuclear Power. Ukrainian representative are exercising direct control over this work, Vitaliy Yakovlev noted.

As of today, there are no basic differences and claims between both sides in issues concerning the removal and destruction of nuclear ammunition, the representative of the Chief Department of the Russian Defense Ministry pointed out.

'Inconsistencies' Seen in Ukraine Statement

MM1811121194 Moscow IZVESTIYA in Russian 18 Nov 94 p 4

[Untitled ITAR-TASS report]

[FBIS Translated Text] Today an ITAR-TASS correspondent learned from informed sources in the Russian Federation Foreign Ministry that Russian experts see certain inconsistencies in the special statement appended to the Law on Ukraine's Joining the Nuclear Weapons Nonproliferation Treaty, which was adopted by the Ukrainian parliament.

These sources reported that both the actual status of the statement and the phrase it contains that **Ukraine is the owner of nuclear weapons inherited by it from the USSR** are not understood. In the Russian experts' view this claim contradicts the international obligations accepted by Kiev in connection with the Nuclear Weapons Nonproliferation Treaty, and effectively means that Ukraine is joining the treaty as a nuclear power. Moscow awaits additional steps by Kiev to settle this question in a constructive spirit.

Kozyrev, Juppe, Hurd Discuss Bosnia Issue in Paris

LD1811150694 Moscow ITAR-TASS in English 1428 GMT 18 Nov 94

[By ITAR-TASS correspondents Nikita Yermakov, Mikhail Kalmykov, and Andrey Shtorkh]

[FBIS Transcribed Text] Paris November 18 TASS—The foreign ministers of Great Britain, Russia and France discussed here today the developments in former Yugoslavia, primarily Bosnia, and some problems of European security. They availed themselves of the opportunity to meet here, since they all happened to be in the French capital at the same time: Kozyrev is currently paying an official visit to France, while Douglas Hurd arrived here to attend a Franco-British summit meeting.

"We have agreed that it is absolutely necessary to ensure the unity of the 'contact group,' endeavouring to settle the Bosnian conflict," French Foreign Minister Alain Juppe told journalists after a one-hour talk with his counterparts. "We must reaffirm our resolution in order to make all the conflicting sides accept the plan for a peace setlement, drawn up in Geneva. Therefore, we deem it most necessary to shortly hold a ministerial meeting of countries-members of the 'contact group.' It must reaffirm its unanimity on this matter."

Douglas Hurd also shares the view that it is necessary to ensure the unity of the "contact group" and to convene it at ministerial level. He said that the ministers had arrived at the common conclusion that the Bosnian tragedy could not be resolved by military means. He said that a settlement could be achieved only through peaceful negotiations on the basis of the Geneva plan, which was accepted by all the sides, except the Bosnian Serbs. This deadlock must be broken. There are no guarantees of success, but efforts should be exerted in this direction, because the only alternative is a new tragedy and further escalation of instability in Bosnia.

"We want the 'contact group' to meet at ministerial level and to continue its efforts to settle the conflict," Kozyrev stated. "We must press through the Geneva plan for a peace settlement in Bosnia," he added.

Replying to an ITAR-TASS question, Alain Juppe said he got assurances from the United States during his latest contacts with the American side that it would continue to adhere to the plan of the "contact group." The United States has not altered its stand and continues to take part in the search for a peace settlement in Bosnia on the basis of the Geneva agreements. The British foreign minister spoke in the same vein.

"Touching on the problem of European security, particularly in the light of the upcoming December CSCE summit meeting in Budapest, we have arrived at the unanimous conclusion that it is necessary to strengthen this organisation," the French foreign minister stressed.

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"The Conference on Security and Cooperation in Europe is the only European forum, which also includes non-European powers. We have agreed to shortly think over some concrete steps that could be taken to enhance the role of this group in the effort to consolidate peace and stability in Europe.

Douglas Hurd also went on record for strengthening the role of the Conference for Security and Cooperation in Europe. In his opinion, Great Britain, Russia, and France should concertedly prepare the Budapest summit meeting.

Kozyrev on U.S. Policy; French, UK Role

LD1811211994 Moscow ITAR-TASS World Service in Russian 1941 GMT 18 Nov 94

[By ITAR-TASS correspondents Nikita Yermakov and Andrey Shtorkh]

[FBIS Translated Text] Paris, 18 Nov—Moscow aspires to maintain the unity of the "Contact Group" on the basis of the Geneva peace plan, and may be prepared to go even further in that direction, Russian Foreign Minister Andrey Kozyrev told a small group of Russian journalists today. He is on an official visit to France.

One consequence could, according to him, be support for a Belgrade which has taken the "Contact Group's" viewpoint. An easing of the sanctions against it would show that the world values the evolution it has accomplished. It would also be possible to reinforce the measures for the regions declared safe areas by the United Nations. Russia is also in favor of resolving humanitarian issues in Bosnia, which are particularly urgent with the onset of winter. There could, for example, be the possibility of Russian gas supplies both to Yugoslavia and Sarajevo, which would be a reflection of Russia's balanced viewpoint. There are also proposals from other parties. We are not rejecting them out of hand—they could prove interesting, particularly in the long term. The main thing is that work proceeds within the framework of a peaceful choice in Bosnia.

Asked by an ITAR-TASS correspondent to assess the position of the USA, the minister noted that Washington was not breaking the embargo on arms supplies to Bosnia, but withdrawing its forces involved in maintaining it. But here we are talking about one more step in that direction. The USA's plan is logical. Since peace has not been achieved in Bosnia for so many years, since there is a civil war on there, then there is nothing for a third party to do there. However, should one of the parties begin to suffer military defeats (which is now the case with the Muslims), it appeals for help—in the given case to NATO and the United States. The danger lies not only in the intensification of military operations in Bosnia, but in the involvement of external forces as parties to the conflict. That is a dangerous scenario with unpredictable consequences.

The head of the Russian diplomatic service welcomed the position of Great Britain and France. During a trilateral meeting in Paris, the parties spoke in favor of the "Contact Group's" previous plan for a settlement in Bosnia through exclusively nonmilitary measures. That plan contains the requirement that the warring parties cease hostilities. By itself this is already an alternative to the military scenario that Europe cannot permit. For Europe, an intensification of the war in Bosnia means a new influx of refugees and the threat of other parties, the Balkan states in particular, being dragged into the conflict.

If the military way of resolving the conflict in Bosnia prevails, A. Kozyrev stressed, Russia and other European states will not agree to it. If that is the case, then the European "blue helmet" contingents—those of Russia, France, Britain, Spain, and others—will have nothing to do there. They went to Bosnia to carry out a peacemaking operation and not to find themselves at the center of a war, becoming hostages and targets and losing people for no apparent reason. As soon as there are grounds for believing that events are developing according to a military scenario the European contingents of UN forces will be withdrawn from Bosnia. Therefore, it is very important that Russia, France, and Great Britain together made a clear appeal in Paris for the unity of the "Contact Group" to be maintained on the basis of peaceful choice and the Geneva agreements.

He also said that Russia and France have received signals from Washington that the USA is ready to meet the "Contact Group" at ministerial level, although he could not give a date for the meeting.

Says Europe Should Stop Following U.S. Lead

LD2011150794 Moscow INTERFAX in English 1415 GMT 20 Nov 94

[FBIS Transcribed Text] Russian Foreign Minister Andrey Kozyrev has called for Europe to give up taking its cues from the United States in the Bosnian issue.

France, Britain and Russia should cease "to rely on Washington alone," Kozyrev told Russian reporters on Saturday, commenting on a decision to convene a Contact Group meeting of foreign ministers. The decision was taken by Kozyrev and his French and British counterparts in Paris on November 18.

The Bosnian issue "has passed over into a different area," Kozyrev said. "There's a great danger now that a military solution will be tried to the problem. There's a danger that some actions and statements by Washington may be seen as support for a military option." Therefore it is essential "to reaffirm the unity of the Contact Group, above all making it clear that all (its member) powers stand for a political and not a military solution in Bosnia," which is the aim of the forthcoming Contact Group meeting, the minister said.

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Lifting Sanctions on FRY Not To Be Linked to Croatia Issue

LD1811161094 Moscow INTERFAX in English 1446 GMT 18 Nov 94

[FBIS Transcribed Text] Russia does not back the European Union's idea about lifting international sanctions against Yugoslavia in exchange for Belgrade's recognition of the sovereignty of Bosnia and Croatia.

Russia's Deputy Foreign Minister Nikolay Afanasyevskiy said in an interview that sanctions against Belgrade were imposed by the UN Security Council in connection with the situation in Bosnia, and must be lifted when a settlement is achieved there, and not be tied to a settlement in any other former member-republic of the Yugoslav federation. "The sanctions had nothing to do with Croatian affairs then and they have nothing to do with them now," Afanasyevskiy said.

He said one can only welcome the EU's intention to continue easing sanctions against Belgrade. "This policy is in line with our own intention. However, the EU proposal poses too many questions. It's something from a different story," he said.

Moscow Supports UN Resolution Authorizing Air Strikes

LD1911214294 Moscow ITAR-TASS in English 2123 GMT 19 Nov 94

[By ITAR-TASS correspondent Boris Sitnikov]

[FBIS Transcribed Text] United Nations November 20—Russia supported the UN Security Council resolution authorising NATO air strikes in Serb Krajina on Saturday.

Russian permanent representative to the United Nations Sergey Lavrov said the Russian delegation voted for the resolution because the procedure it establishes for delivering air strikes in Serb Krajina to enforce the regime of the Bihac exclusion zone is in line with the rules of delivering air strikes in other UN-designated safe areas.

In addition, the resolution specifies that air strikes will be carried out under the control of the UN Security Council and with close coordination with the UN Secretary General and the UN Protection Force in Bosnia.

Force should be used unbiasedly, irrespective of who is the violator, he said. "We hope that this resolution will send a signal to all sides and all those concerned in the Bihac area to stop escalating military confrontation, show restraint and, in particular, immediately cease fire," Lavrov said.

Lavrov said safe areas have been established to protect the civilians and should not be used for launching attacks or preparing such actions. He believes their demilitarisation would be the best solution.

"There is no alternative to political settlement in Bosnia-Herzegovina," he continued. "We remain committed to the common opinion of the Contact Group members on this score."

"Attempts to resort to military solutions, including through provocative and offensive actions, will inevitably turn against their initiators," Lavrov warned.

Ambassador Kartuzov Cited on Relations With Baghdad

LD1811154594 Moscow ITAR-TASS in English 1528 GMT 18 Nov 94

[By ITAR-TASS correspondent Aleksandr Yelistratov]

[FBIS Transcribed Text] Baghdad November 18 TASS—Russia trusts Iraq and thinks that the Baghdad fulfilment of U.N. resolutions can be achieved by political and diplomatic methods without using force, Russian Ambassador to Iraq Nikolay Kartuzov told ITAR-TASS here today.

In his words, other permanent members of the U.N. Security Council, in contrast to Russia, "think that Baghdad cannot be trusted and are using different tactics."

"We are acting on the basis of confidence micro-climate [as received] in relations of Moscow and Baghdad, and we are viewing the situation around Iraq from various points," said the ambassador. He believes that the United Nations should estimate the actions of Baghdad and "everything positive to follow these actions".

Baghdad and the United Nations Security Council have mutual obligations. If Baghdad fulfill requirements of the international community, the U.N. should offer an adequate reaction, said Kartuzov. "This is a process of interaction, and one side should not be a detached observer of positive actions of the other side," he added.

Asked about the results of recent Iraqi visits of Russian Foreign Minister Andrey Kozyrev, Kartuzov said "the Russian goal is to encourage further Iraqi fulfilment of resolutions of the United Nations Security Council." In his opinion, the real U.N. monitoring of Iraqi military facilities and Iraqi recognition of Kuwaiti sovereignty and its international borders will make the Security Council permanent members to discuss another series of obscurities as regards Iraq. Nevertheless, they should take into account the humanitarian aspect, "sufferings of the Iraqi people entailed by international sanctions," said the ambassador.

"The Security Council should clearly understand who should be punished and for what, what the goal of sanctions is and what the result of this policy should be. This is especially important for the prestige of the United Nations, the Security Council and its permanent members," said Kartuzov.

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In his words, the humanitarian situation in Iraq is most grave. The blockade results in daily social and cultural degrading of the Iraqi nation, which will "tell on younger generations". The international assistance of the WHO and UNICEF is being cut as well.

"The United Nations and its Security Council must imply such measures to Iraq so that the notion of 'double standards' do not turn into 'a stable stereotype' in understanding actions of the U.N. itself with all the consequences for the authority and prestige of this organization," said Kartuzov.

He said that the overall Iraqi debt to the Russian Federation is slightly more than seven billion U.S. dollars, and not the 16 billions claimed by U.S. and Western mass media. The Iraqi side was unable to pay the debt after the international sanctions were introduced, said Kartuzov.

Moscow To Work for 'Step-by-Step' Lifting Iraq Sanctions

LD1811193394 Moscow INTERFAX in English 1644 GMT 18 Nov 94

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] A high-ranking officer on the staff of Russia's Foreign Ministry told Interfax Friday that "Moscow never harbored hope for an early Security Council decision on the step-by-step lifting of the anti-Iraqi sanctions."

Moscow was aware that a number of countries showed a cautious approach to that problem but acted so as to move the Security Council to voice an appropriate view of the Iraqi decision to recognize Kuwait's sovereignty and borders, the Foreign Ministry officer said.

The Russian diplomat appreciated the recent statement by the Security Council's chairman. The statement describes Baghdad's decision as an important and necessary move for the solution of the whole gamut of the Iraqi problems and the realization of the Security Council's other decisions.

The Foreign Ministry officer saw the statement as a result of "lengthy discussions and debate."

Now that appreciation has been voiced of Baghdad's move, and in keeping with paragraph 22 of Security Council resolution 687, "Moscow will step up action to move the Security Council to work for the step-by-step lifting of the anti-Iraqi sanctions."

In Moscow's view, Iraq cooperates in good faith with the United Nations' disarmament commission and the head of that commission, Rolf Eckeus, shares its view, the diplomat said

"UN inspectors have free access to various facilities in Iraq. Special controlling equipment has been installed at the Iraqi chemical and missile centers. Baghdad offers full answers to all questions."

Experts, however, still have questions on the Iraqi chemical and biological warfare programs of the past years, as well as on the Iraqi missile potential. Moscow sees that as normal. Experts ask purely technical questions that can be answered as a matter of working routine.

From the political point of view, the diplomat said, such questions offer no reason for doubting Baghdad's willingness to cooperate with the Eckeus commission and the overall realization of the disarmament provisions of Security Council resolution 687.

Addressing the international demand for the return of Kuwaiti property to Kuwait, the Russian diplomat said that "insufficient action was taken on this problem."

"But even if there remain unresolved problems, he said, further moves must be made in the context of the appropriate Security Council resolutions, and not because some sanctions have been lifted on Iraq."

Iraqi Parliament Speaker on UN Sanctions, Russian Efforts

LD1911101494 Moscow ITAR-TASS World Service in Russian 1443 GMT 18 Nov 94

[By ITAR-TASS correspondent Aleksandr Yelistratov]

[FBIS Translated Text] Baghdad, 18 Nov—Iraq does not expect that the sanctions imposed against it by the United Nations will be removed instantaneously. This was stated in an interview with the ITAR-TASS correspondent by Sa'di Mahdi Salih, speaker of Iraq's National Assembly (parliament). He said: Baghdad expects that, provided the discussion the 'Iraq dossier' in the Security Assembly takes place on legal bases, in the next six months a start will be made to the partial lifting of the economic blockade of the country and of the sanctions imposed by the Security Council.

Replying to a question about the results of the efforts made by Russian diplomacy to stabilize the situation in the Persian Gulf zone and in particular on the Iraq-Kuwait border, Salih noted: The visits that Russian Foreign Minister Andrey Kozyrev made to Baghdad are in themselves good guarantees from the Russian Federation. How Russia acts in the future is its own affair.

The speaker of the Iraqi Parliament said that during his recent visit to Baghdad the head of the Russian Foreign Ministry confirmed that many countries that are members of the UN Security Council including France, China, Spain, and Brazil are constantly seeking the lifting of the sanctions imposed against Baghdad. The latest decision by the National Assembly on recognizing the sovereignty of Kuwait and its international borders,

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Salih added in this connection, will help our supporters and friends to work more intensively on this question.

However, the speaker of the Iraqi parliament considers that the United Nations should respect its own decisions. If the Security Council does not soon begin implementing the resolutions on Iraq, Baghdad will not be able to guarantee that it will agree to the proposal on the long-term UN monitoring of its military installations although the UN monitoring system has already been operating in practice for a month, Salih stressed.

Touching on the situation in Iraqi Kurdistan, Salih said that the normalization of the situation in the north of the country is being hindered by the military presence of the United States and Britain in the region. This is direct interference in the internal affairs of Iraq, which is a member of the United Nations, the speaker noted, and moreover, U.S. and British control of Iraqi Kurdistan goes beyond the UN resolutions adopted with regard to Iraq at the end of the 1991 war in the Persian Gulf.

Russia, U.S., Japan Discuss Northern Asia-Pacific Security

LD1911152794 Moscow ITAR-TASS in English 1450 GMT 19 Nov 94

[By ITAR-TASS diplomatic correspondent Vladimir Solntsev]

[FBIS Transcribed Text] Moscow November 19 TASS—Leading specialists from Russia, the United States and Japan gathered for a conference in Moscow on Saturday to discuss security in the northern Asia-Pacific region.

The participants in the two-day conference, which will be held behind the closed doors, will focus on the factors that destabilise the situation in the Asia-Pacific region and ways to ensure peace, stability and broad cooperation in the area.

They will also discuss the role of the "military component" in new conditions in the Asia-Pacific region, the justified scale and nature of military presence and prospects for military cooperation.

Vladimir Zhurbenko, first deputy chief of the Russian Army general staff, told ITAR-TASS that the Russian delegation intends to discuss the military doctrines of Russia, the U.S. and Japan. Assessing the recent changes in the region, Zhurbenko said that relations between Russia and Japan are getting warmer.

Special attention will be paid to ways to strengthen relations between Russia and Japan on one hand and between Russia, Japan and the U.S. on the other hand.

Sergey Blagovolin, a member of the Russian Presidential Council and deputy director of the Institute of World Economy and International Relations, believes that stronger relations between the three countries would help neutralise serious destabilising factors which may emerge in the region in the future.

At the same time, many Russian experts think that potential military cooperation between Moscow, Washington and Tokyo should not be detrimental to other countries. They warn in particular that any union will sooner or later be counterbalanced by another union, a counter-union.

The conference is being attended by the delegations' coordinators—Vladlen Martynov, director of the Institute of World Economy and International Relations, Paul Wolfowitz, former deputy U.S. defence secretary, Nobuo Matsunaga, director of the Japanese Institute of International Relations—Andrey Nikolayev, Russian border troops commander, Aleksandr Panov, deputy Russian foreign minister, academician Aleksandr Yakovlev, president of the Ostankino television company, Gennadiy Burbulis, a State Duma deputy and president of the international humanitarian and political science centre "Strategia," James Collins, special adviser to the secretary of state on the new independent states, Hiroshi Fukuda, deputy Japanese foreign minister, and other officials.

All participants are attending as private persons, which the organisers hope will lend the conference an air of an informal and candid discussion. No official will be adopted. [as received]

The current conference is the second of the three planned events under the three-party forum scheme. The first conference was held in Tokyo in late January and early February. The third and final conference is expected to be held in the United States next year.

Commentator on Russian, U.S. Elections

MM1811150894 Moscow IZVESTIYA in Russian 17 Nov 94 p 4

[Commentary by Stanislav Kondrashov: "How Will This Affect Us? Moscow Postscript to U.S. Elections"]

[FBIS Translated Text] Russia's citizens have shown minimal interest bordering on apathy toward the results of the U.S. midterm elections, in which the voters routed Bill Clinton's Democrats in the House of Representatives and gave the majority to the Republicans in the Senate and the 50 governorships as well. The Americans reacted in roughly the same way to the reshuffle in the Russian Government. Nevertheless there is a real question here: How do these elections affect relations between the two countries and what implications do they have for Russian democracy?

Let us talk first about an implication—the technique of democracy, with which Russia is beginning to familiarize itself.

I have reported for IZVESTIYA readers on approximately five presidential elections and as many midterm elections both on the spot, in New York and Washington, and from afar, in Moscow. In the old days when Soviet journalists tried to explain the latest skirmish

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between Democrats and Republicans they usually wrote about elections without choice. And the agitprop premise of the time, you see, was right, because these were—and still are—elections within the framework of a single system, not a choice between capitalism and socialism in favor of the latter. At that time, admittedly, we did not have the choice between two candidates either but what we did have was an indisputable division of labor in which journalists covering international affairs did not deal with domestic problems and domestic elections.

Now times have changed: Can we refrain from comparisons and parallels?

There was and remains another typical explanation given for the electoral defeat of a ruling party. It is used by the Americans themselves: It is the negative vote, the protest vote. A voter votes for someone new not necessarily because he knows and trusts him but because he has lost faith in the old one and takes a negative view of him. The negative vote is the eternal mainspring of democracy and at the same time an indicator of its imperfection and limited efficiency. In the 40 years since 1954 the Americans entrusted the majority in the House to the Democrats, which was evidence that they had a broader social base than the Republicans. Then on Tuesday 8 November they withheld that trust and—what is more—that choice, which was repeated in the Senate and the elections of governors, is seen as a midterm vote of no confidence in Clinton, the main Democrat of the moment. The critical question for him now is this: Will he be reelected in November 1996 or will he be a "one-term president"?

This is a weighty and serious reminder to Clinton that we are all answerable to God, that is, to the voters. That is the point of democracy. Presidents inhabit a higher plane where they are on first-name terms with one another, like czars and emperors in days gone by, but one fine day the voters bring them back down to earth, reminding them who is the boss and preventing dynastic rule. Last Tuesday, friend Bill meekly accepted this reminder—as the 42d president of the United States is obliged to. The meek acceptance of the voter's verdict is the sign of mature American democracy where the timetable of the elections and the change of power is known years, decades in advance and no one should think of altering it.

For 26 of the 40 years when the Democrats had an uninterrupted majority in the House and a majority in the Senate more often than their opponents, the White House was occupied by Republicans: Eisenhower, Nixon, Ford, Reagan, and Bush. There have been only 14 years of Democrat presidents: Kennedy, Johnson, Carter, and Clinton.

In our country the potential for a negative vote built up during more than 70 years of the one-party state. Gorbachev was afraid of this backlash and so did not embark on universal democratic presidential elections but still lost, and at the same time lost our common Fatherland—the Soviet Union. On the other hand, Yeltsin, the rebel in the partyocracy, won by making full use of the vast, untapped potential of the negative vote. The populace were bored with the old ways and wanted a change.

But the nature of the negative vote (or protest vote) is that it always works for the opposition and against whoever is in power. Even though our country's experience in this regard is meager, this is where the analogies begin, they are relative, of course, but inevitable and methodologically accurate. For example, there is the analogy between November 1994 in America and December 1993 in Russia. The 70 years' enforced abstention from the negative vote under the Communists, as we know, did not help the Russian democrats, least of all Gaydar's party, because the voters' critical assessment of their own two-year tenure of office proved more significant.

Everyone is answerable to God, that is, the voters. Surprisingly this fundamental truth of democracy is not accepted as meekly in Russia as it is in America. Of course, our voters are different, they are novices, but where is the one who dwells on high, not on earth? Our parties are different, too, with influence within the confines of the Moscow beltway—that is also a major factor. Russia is not America, nor will it ever be, and until two or three major parties, ranging from social democrats to constitutional democrats, become established (if they ever do!), there will not be political stability nor will the trains of politics run on time along the election lines.

Only when that happens will we be in no doubt that the "midterm" elections of 12 December 1993 will be followed by the presidential elections of 12 June 1996, just as the Americans know that the Tuesday after the first Monday of November 1994 will be followed by the Tuesday after the first Monday of November 1996. That will be Judgment Day, when the voter decides whether to give Bill Clinton a second—and final—term in the White House. Meanwhile, as the potential of the negative vote is directed against Boris Yeltsin we can see people from his entourage increasingly yielding to the temptation to postpone (or cancel?) the main demonstration of the fact that democracy is not an oligarchy, or the power of the few, but the sovereignty of the people verifiable by universal free elections.

The recent election results also offer analogies with ours, albeit relative ones again if you bear in mind that their democracy is over 200 years old whereas you can count the years of Russian democracy on the fingers of one hand. Although America does not have even one-tenth of our traditions of intolerance and maximalism, some U.S. commentators regard Clinton as a president who is polarizing society. Even though the average living standard is much higher than in Russia, the view is that it has actually been falling in recent years. The voters showed their conservatism but the very concept of conservatism,

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which is more closely linked to the Republicans than the Democrats, is not the same. Unlike the Russian conservatives with their nostalgia for the omnipotent state which ensured confidence in the future and order on the streets, the American conservative, such as Reagan, sees the state not as the solution to the problem but as the problem itself: He does not want the functions of the state and bureaucracy to be strengthened. If conservatism is taken to mean an adherence to the old, which is what it does mean, Russia's Communists cannot compare with America's Republicans because they have a different cast of mind, heart, and memory. Both parties in America would find it easier to understand our democrats.

But with regard to the bureaucracy, which takes root first and foremost in capital cities, the analogies are closer. When the well-known commentator David Broder wrote that the voters have "shaken Washington again," he was referring to the political revolt of the regions against a self-centered capital. Political Moscow is also self-obsessed and is preoccupied with itself much more than Washington, which is regularly brought down to earth by elections. It is no coincidence that the theme of regional control over the capital and of local self-government, the theme of the zemstvo, was central in the recommendations of Aleksandr Solzhenitsyn, whose vast knowledge of Russia is augmented by the experience of many years' observation of America from the depths of Vermont.

If the "technique" of democracy is universal, its effect, demonstrated through elections, is entirely inward-looking, focused on one's own national affairs. The outside world intrudes on the ordinary citizen's choice only when it has a powerful or even decisive impact on his life. That is what happened in the years of the "Cold War," the years of the global nuclear missile confrontation. Now even with a microscope you could not discern the effect of relations with Russia on last Tuesday's results: Boris was no help to Bill—he wasn't able to help him. Clinton's election-eve display of diplomatic success coupled with strength or of strength with minimum diplomacy in North Korea, Haiti, and on the borders of Iraq did nothing to avert the rout of the Democrats; its futility merely served to highlight that rout. It is easier to curb a Haitian junta or an Iraqi dictator than one's own voters: The latter are judge and jury and their verdict cannot be ignored.

As for relations with Russia, they are influenced by a view of events and time which is not the same for us as it is for Americans. For them, the main thing was the downfall of the USSR, perceived as a colossal but single act which is already a thing of the past and which no longer shapes present-day priorities. This, incidentally, also explains the increasingly skeptical attitude toward aid for Russia. Yes, the world is interconnected but charity begins at home. These two truths do not cancel one another out any more than the New Testament cancels out the Old Testament in the Bible.

Even though the Americans were not thinking of Russia and its problems when they went to the polling stations, the Republicans with their dominant position in the Congress will be stingier and tougher in their dealings with Moscow and will influence President Clinton's course accordingly. The likely change is personified by the 73-year old arch-conservative Jesse Helms, who takes over the chair of the Senate Foreign Relations Committee in January.

Right after the elections the White House stopped enforcing the embargo on arms for the Bosnian Muslims, responding promptly to the change in the disposition of domestic political forces. In so doing it entered into a dispute not only with Russia but with such European allies as Britain and France. Splits like this have not been seen in NATO before, and this demonstrates the changed nature of the new post-confrontational world.

Where you no longer have two rival centers of influence and attraction, the one that remains becomes weaker. In the past some attached themselves to the United States for reasons of self-preservation while others were induced to join. When the common threat disappeared, there was no reason to be induced to obey the only superpower to the detriment of one's own interests. The interdependence still exists, of course, but the theme of "charity begins at home" is becoming louder all the time.

For example, in opening the door to the intensive arming of the Bosnian Muslims, Washington is guided by the anti-Serb feelings among the Americans and the fact that the Muslim lobby is stronger than the Slav lobby in the United States. Its traditional European allies, whose peacekeeping troops' lives are in danger, are protesting at America's disregard for European realities, a disregard which will inevitably aggravate the conflict.

The American commentator Jim Hoagland places the election results in a broad international context, noting the "transnational despair" of the electorate. Recently this has led to the defeat or acute weakening of the ruling parties in France, Japan, Italy, Canada, and Germany. One of the common factors, according to Hoagland, is the "loss of a global ideology" with its "set view of the world."

This is a very accurate observation which has not been understood properly either in theory or in practice. Russia, along with others, has left the old world but for certain reasons has settled down less than others in the new one. Seeking to attach itself to the Western part of the world community, its main aim has been to prove: We are the same as you, we want to be the same.... Yet in a world with no "global" ideology you cannot merely adopt the pose of a follower and obedient pupil, you have to prove your right to your own views and interests, to independent actions, and to a bold quest.

Russia's diplomatic steps in that direction deserve understanding and approval.

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U.S. Said To Sacrifice Principles to Arms Industry Needs

MM1811143394 Moscow IZVESTIYA in Russian 18 Nov 94 p 3

[Report by Vladimir Nadein: "Even the United States Will Not Stand Conversion. Having Come To Hold High Moral Standards and Principles in Contempt, the United States Is Preparing To Sell Any Kind of Arms to Any Customer"]

[FBIS Translated Text] Washington—Immediately after returning from his Pacific tour, President Clinton will gather together his advisers to examine the document which will put an end to longstanding U.S. hypocrisy. I refer to the sale of U.S. arms abroad.

The document is scheduled to be signed at the beginning of December. From this moment, irrespective of the olive branches of previous years, U.S. Government establishments will actively promote any arms—including the latest—in any foreign country with the exception of a very narrow circle of international pariahs like Iran, Cuba, Iraq, and Libya.

For many years this area of business has been governed by two limitations established long ago by the U.S. Government for its arms-producing companies.

First: Arms sales should serve to support the goals of U.S. foreign policy.

Second: They should facilitate the strengthening of regional security through the mutual aid alliances—NATO, the Southeast Asia Treaty Organization, and the Central Treaty Organization.

The report, prepared by a group of experts from the Departments of Commerce and Defense, proposes the introduction of one more criterion for the approval of arms sales abroad which is perhaps the most important today: The prosperity of the arms sector itself.

During the Cold War period, the last demand did not require special mention. The goals of foreign policy and the ideals of human rights coincided with commercial desires. U.S. arms simply did not get into the countries of the Soviet bloc. The circle of third world countries where the two superpowers' arms competed was fairly narrow. What is more, the demand in the United States itself was large and stable, as were the purchases of U.S. arms by its allies. As for the dictatorships which just recently were distributed throughout the world, the situation was also absolutely clear: Those which were procommunist got nothing while those which were anti-communist received everything in accordance with the principle: They are sons of bitches, of course, but they are our sons of bitches.

With the end of global conflict, the peoples' wishes were fulfilled and accordingly the arms manufacturers' worst nightmares became reality: Demand fell. Both internally and abroad. U.S. experts think that the arms industry will simply not survive if it submits to the dying market.

Already it is only foreign purchases which are giving respite to production of the newest M1-A2 tanks at the General Dynamics plants in the state of Ohio. Without deliveries abroad, production of the F-15 fighter would stop at the largest aircraft-construction complex in the state of Missouri.

The U.S. Department of Defense is not planning any purchases next year of Apache and Black Hawk attack helicopters. But they will continue to be produced—for any country however remote.

Even Patriot ABM systems, celebrated by the folk poets of the great victory in the Persian Gulf, and therefore painstakingly shrouded in the greatest secrecy, are being exhibited for sale.

After the Soviet Union's breakup, the United States seized the lion's share of its former sales abroad. Former Warsaw Pact allies and the USSR's permanent clients from Asia and Africa are looking more and more to the West. The United States' share of international trade increased from 25 to 55 percent. However, American metal workers and arms salesmen claim that in monetary terms arms sales have only increased a little and it is simply that the Soviet share has fallen sharply.

The figures confirm this claim. In the fiscal 1993 the United States sold $33.2 billion worth of arms abroad. This figure falls to $12.9 billion in 1994. The United States hopes to maintain this business at a level of between $9 and $10.5 billion in the coming years—but this will only be possible if the administration makes amendments to its instructions and all government establishments abroad begin to act like salesmen and praise its goods highly giving work to tens of thousands of people.

In the past the liberal wing of the Democratic Party in the United States was an active opponent of government aid in the arms trade. Now conservatives are putting the squeeze on liberals everywhere, and Clinton's government, as relations with China—which Americans have claimed to be a terrible violator of human rights—demonstrated, prefers to abandon ideals but not the commercial advantages of trade.

Supporters of the liberalization say that the sacrifice of undying principles took place long ago. Back in Reagan and Bush's days, embassies actively assisted the arms industry.

Russia, Azerbaijan, Armenia Agree to Karabakh Talks

NC1811135594 Paris AFP in English 1130 GMT 18 Nov 94

[FBIS Transcribed Text] Moscow, Nov 18 (AFP)—The presidents of Russia, Azerbaijan and Armenia have agreed to hold a tripartite summit to settle the deadly

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conflict in Nagorno-Karabakh, the Azerbaijani embassy said on Friday [18 November].

An embassy spokesman gave no date or venue for the summit, to be attended by presidents Boris Yeltsin of Russia, Geydar Aliyev of Azerbaijan and Armenia's Levon Ter-Petrosyan.

He said the agreement to hold the summit was reached at talks between Yeltsin and Aliyev in Moscow on Thursday and that preparations had begun to hold the meeting "soon". The Russian president's office would not confirm or deny the report.

In a separate report from Geneva, diplomatic sources said a high-level meeting on the disputed enclave would be held in December in the Swiss city. They said the heads of state of Armenia and Azerbaijan would attend along with UN chief Butrus Butrus-Ghali and Russian Foreign Minister Andrey Kozyrev.

More than 20,000 people have died in fighting since 1988 over the largely-Armenian populated enclave in western Azerbaijan.

Butrus-Ghali held talks about the dispute this month with both Aliyev and Ter-Petrosyan as well as with Yeltsin.

'No Comment' From Moscow on Meeting

LD1811210094 Moscow ITAR-TASS in English 2004 GMT 18 Nov 94

[By ITAR-TASS correspondent Sergey Batyrev]

[FBIS Transcribed Text] Moscow November 18 TASS—A representative of the Russian president's press service made no comments on a statement of the Azeri ambassador in Moscow saying a Russian-Armenian-Azeri summit may soon be held in Moscow to discuss Karabakh settlement. The statement was circulated by some mass media bodies.

According to the ambassador, the summit was discussed at a meeting of Russian President Boris Yeltsin and his Azeri counterpart Geydar Aliyev on Thursday.

The press service representative confirmed that Thursday's meeting focused on Nagorno-Karabakh, and Boris Yeltsin stressed the need for the soonest signing of a political agreement by the warring sides in order to stop the hostilities.

The press secretary of the Azeri Embassy in Moscow told ITAR-TASS it is the matter of a "regular working meeting" which, in his words, was announced in advance. According to him, Thursday's meeting of the Russian and Azeri presidents did not reach any essentially new agreements in this respect.

A representative of the Armenian Embassy in Moscow told ITAR-TASS he has no information on the issue.

Yeltsin, Turkemnistan's Nizayov Discuss Cooperation

MM1811123194 Moscow RABOCHAYA TRIBUNA in Russian 18 Nov 94 p 3

[ITAR-TASS report: "Russia-Turkmenistan: What Niyazov and Yeltsin Spoke About on the Telephone"]

[FBIS Translated Text] A telephone conversation took place between Saparmurad Niyazov and Boris Yeltsin shortly after the celebrations in Ashkhabad [Ashgabat] marking the anniversary of independence.

Specific discussion of upcoming tasks relating to bilateral cooperation, which both leaders regard as a new element in the policy of partnership of the post-Soviet era, formed the main content of their conversation. In particular, they continued the exchange of opinions on the imminent opening in Ashkhabad of a branch of the Rosssiyskiy Kredit Bank, which will, it is expected, solve many of the financial problems in relations between the two states, relations which have been mainly aggravated by the problems of nonpayments. It was confirmed to an ITAR-TASS correspondent at the Russian Embassy in Turkmenistan that the opening of a branch of the bank is expected in the very near future.

In the immediate term a visit to Turkmenistan by a Russian government delegation headed by First Deputy Premier Oleg Soskovets is planned. Briefing the head of Turkmenistan on this, Boris Yeltsin confirmed the powers of the Russian government representative to sign an agreement on cooperation in the sphere of oil and gas. Russia's long-expected interest in Turkmenistan's mineral reserves is, it seems, starting to be put on a practical footing, which is also confirmed by its active involvement in the transcontinental pipeline project, which crosses into Europe via Turkmenistan, Iran, and Turkey.

Turkmenistan's relations are shaping up equally successfully in the sphere of military cooperation, of which the military parade in Ashkhabad, the Air Force component of which surprised many observers, was an expression. It is well known that in setting up its own Armed Forces, Turkmenistan ran into a serious problem in keeping its Air Force up to the requisite standard. That problem is being tackled with the help of Russia and its flying officers.

Andrey Nikolayev, commander in chief of the Russian Border Troops, who has visited Ashkhabad and held a conversation of many hours' duration with Saparmurad Niyazov, has described the steps toward strengthening bilateral border cooperation as the consistent exercise of mutual strategic interest. Andrey Nikolayev confirmed to an ITAR-TASS correspondent both the successfulness of the model of cooperation on joint protection of the frontier, which has no analogue to date in the CIS, and the effectiveness of the joint efforts of Russia and Turkmenistan in maintaining peace in the region.

In developing in the area of all-around cooperation Russian-Turkmen partnership is obtaining a practical

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basis, as shown first and foremost by the agreement on dual citizenship, which was, incidentally, recently ratified by the Russian Federation State Duma.

The agreement on observing the rights of Russians living in Turkmenistan and of Turkmen inhabitants of Russia will be the next step in this direction. It is expected that it will form the keystone of Niyazov's visit to Moscow.

Grachev Praises Russian Peacekeepers Throughout CIS

LD1811195894 Moscow ITAR-TASS World Service in Russian 1741 GMT 18 Nov 94

[FBIS Translated Text] Moscow 18 November—Addressing State Duma deputies today, the Minister of Defense of Russia noted the special contribution by the army to resolving peacekeeping tasks. He reported that 20,250 Russian servicemen were presently serving in "hot spots." Russian peacekeepers have stopped bloodshed in North and South Ossetia, Ingushetia, Georgia, Abkhazia, the Dniestr Republic, in Tajikistan and have earned the greatest appreciation for their actions in Yugoslavia.

According to the minister, the local inhabitants in the "hot spots" idolize our officers and soldiers since they are for them the only defense in a complex situation. "A demoralized army will never be able to fulfill such tasks," the minister said.

"The army is an eternal sentinel who will never leave its post and it should be given its due," Pavel Grachev said, concluding his address to parliamentarians.

Afanasyevskiy Replaces Churkin as Deputy Foreign Minister

MK1811120094 Moscow SEGODNYA in Russian 18 Nov 94 p 3

[Report by SEGODNYA Foreign Policy Desk: "Afanasyevskiy Switches Seats With Churkin"]

[FBIS Translated Text] SEGODNYA reported nearly a year ago that Nikolay Afanasyevskiy, Russian ambassador to Brussels, would be appointed deputy foreign minister. It has finally happened. Afanasyevskiy has also inherited from his predecessor Vitaliy Churkin a range of problems which are, however, nothing new for him. It is largely thanks to his personal efforts that this year Russia formalized its relations with the European Union and NATO. Last December, President Yeltsin signed in Brussels a package of bilateral Russian-Belgian documents including a political treaty. At that time, Afanasyevskiy told a SEGODNYA correspondent that he was proud and happy to live to see that day.

The new deputy minister is 54. He worked for the USSR embassy in Cameroon at the dawn of his diplomatic career, then, with interruptions, in France, rising to the rank of minister counselor. Over the past four years, he held the post of Russian Federation ambassador to Belgium, simultaneously representing Russia in the EC and NATO.

SEGODNYA journalists have never been refused an interview or assistance by Nikolay Nikolayevich, and they hope for his favorable attitude in the future.

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Political Issues

Chechen President Says Russians 'Provoking' War

AU1811162994 Hamburg DIE ZEIT in German 18 Nov 94 p 16

[Interview with Chechen President Dzokhar Dudayev by unidentified correspondent; place and date not given: "We Are Being Forced Into a War"]

[FBIS Translated Text] [DIE ZEIT] Mr. President, how do you view the opposition?

[Dudayev] They are only called an opposition. In the West, an opposition of that kind would be strung up. They have created an international myth and spread very negative ideas about Chechnya.

[DIE ZEIT] But you are not exactly softhearted yourself....

[Dudayev] We are being provoked into launching a counteroffensive; they want to force us into engaging in counter-terrorism. If we want to defend ourselves, a finger is immediately pointed at us. War is not being waged openly; they are trying to destroy the economy.

[DIE ZEIT] What are they trying to destroy exactly?

[Dudayev] The oil industry and the power network. The railroads are being blocked. The airport has been bombed, and civilian aircraft and helicopters have been destroyed on the ground. The total damage so far has cost some 235 billion rubles, that is, about $80 million.

[DIE ZEIT] Who is carrying out the bombing?

[Dudayev] Everyone in Moscow maintains that there are no Russians involved. However, we know the Russians, we have lived under their oppressive rule for 300 years, and this is nothing new as far as we are concerned. The only thing is that they are threatening the world. The civilized community must hold them to account under international law, and a discussion must be initiated on Russia's membership of the UN Security Council.

[DIE ZEIT] What is preventing you from cutting the ground from under the opposition's feet?

[Dudayev] Russia. It would be madness to wage a war against Russia, but we are being drawn into that. The aggression is continuing.

[DIE ZEIT] Is all of Russia united against Chechnya?

[Dudayev] No, no one believes the present-day Kremlin leadership will carry on like this for any length of time. The use of money against Chechnya is what sparked the collapse of the ruble on black Tuesday. They produced metric tons of forged banknotes.

[DIE ZEIT] Have you get a firm grip on Chechnya's economy?

[Dudayev] Give me power in Russia, and I will see to it that there is order there in the space of three months. When Moscow saw that I had everything under control here, that I had developed new programs for the economy, social policy, and the environment, the people there could not stomach that.

Ties With U.S. Said Unaffected by Policy Views

LD1911175494 Moscow INTERFAX in English 1721 GMT 19 Nov 94

[FBIS Transcribed Text] The Russian presidential advisor for international affairs, Dmitriy Ryurikov, does not share speculations on possible deterioration of U.S.-Russian relations due to differences in approaching peace settlement in former Yugoslavia and sanctions against Baghdad. "Despite certain acuteness and differences in dealing with Bosnia and Baghdad, no substantial change in the relations with the U.S. should be expected," he pointed out in an interview with the TV program Novosti-Plus prepared jointly by the ITA news agency and INTERFAX.

Ryurikov categorically disagreed with the point of view that Russia dramatically changed its foreign policy to meet the requirements of the internal situation. "The principles, goals and methods of Russia's foreign policy remain unshakable," he stated. "Political feuds and different approaches of various parties are taken into account, but they are not crucial," he added.

Ryurikov said he did not see reasons to conclude that the president was "seriously unsatisfied" with Foreign Minister Andrey Kozyrev. He said Kozyrev worked "very closely" with the president fulfilling presidential instructions which implied high responsibility.

Ryurikov admitted that the Russian leadership was attentively watching NATO expansion with East and Central European countries. In his opinion, this process did not entirely correspond to the spirit of statements on partnership between Russia and NATO, their common values and goals. "Russia has influenced and, I think, will influence this process," he added pointing out that the Russian leadership did not consider NATO as potential enemy.

Adoption of Counterintelligence Law Called 'Important'

LD1811155494 Moscow ITAR-TASS in English 1529 GMT 18 Nov 94

[By ITAR-TASS]

[FBIS Transcribed Text] Moscow November 18 TASS—Speaking at the Russian State Duma today, Sergey Stepashin, director of the Federal Counterintelligence Service, considered a draft law on federal bodies of counterintelligence an extremely important document for every citizen, Russian society and the state as a whole.

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According to Sergey Stepashin, the adoption of the law on special services is vital because carrying out measures to expose and stop subversive activities of foreign special services, ensuring security of the armed forces, strategic and defense objects, important scientific developments, operative protection of the state border, fighting against terrorism and organized crime, and encroachments on the constitutional system, bodies of counterintelligence have to apply mostly secret methods of work.

Sergey Stepashin said that the activities of the Federal Counterintelligence Service should be organized strictly within the framework of law and expected Russian citizens to support functions, tasks and specific actions of the service, as well as there should be full mutual understanding with the legislative and executive branches of power.

Noting that the Federal Counterintelligence Service regards the discussion of the draft law on special services and its further consideration by the State Duma as the most important stage for the strengthening and development of bodies of counterintelligence in Russia, Sergey Stepashin proposed to adopt the draft law.

Yeltsin Edict Releases Krasnodar Administrative Head

LD1811133694 Moscow Ostankino Television First Channel Network in Russian 1252 GMT 18 Nov 94

[From the "Novosti" newscast]

[FBIS Translated Text] Russian President Boris Yeltsin has issued an edict releasing Valeriy Samoylenko from his post as head of administration of the town of Krasnodar.

The presidential press service release emphasizes that the edict was caused by the failure on the part of the Krasnodar administration head to implement presidential edicts, Russian Federation decisions and is in accordance with Article 80 of the Russian Federation Constitution.

VIEWPOINT Poll on Citizens' Confidence in Government

LD1711205894 Moscow INTERFAX in English 1915 GMT 17 Nov 94

["Viewpoint"; materials prepared by the Public Opinion Foundation, Viewpoint's sociological service, and the INTERFAX News Agency]

[FBIS Translated Text]

Russians on Confidence in Government

Respondents were asked to answer the following question: "Do you have confidence in the Russian government?" The answers split as follows:

Yes	18%
No	62%
Hard to say	20%

Compared with other regions, Moscow and St.Petersburg residents tend to have more confidence in the government (31%). This survey was conducted among 1,343 rural and urban residents all over Russia in late October.

Respondents on Confidence in Defense Minister Pavel Grachev

The respondents could choose only one option while answering the following question: "To what extent do you personally trust Defense Minister Pavel Grachev?" The answers split as follows:

Completely distrust	24%
Distrust	10%
Distrust rather than trust	13%
Equally distrust and trust	
11%	
Trust rather than distrust	7%
Trust	3%
Completely trust	2%
Hard to say	30%

Those having confidence in the Russian government tend to trust Grachev (30%). Among the military, only 8% found it difficult to answer the question. The share of those who trust him is twice as high as that among civilians (24%), though the share of those who distrust him is also very high (56%).

This survey was conducted simultaneously with the previous one and among the same respondents.

Better Living Standards or Democracy?

Respondents were offered the following question: "If you were to choose between better living standards and preserving democratic rights and freedoms, what would you opt for?" They could choose only one option. The answers split as follows:

Better living standards	65%
Democratic rights and freedoms	18%
Hard to say	17%

Those with incomes more than 300,000 rubles a month turned out to value democratic rights and freedoms more (33%) than those whose incomes were 30,000 rubles a month (10%).

Preserving democratic rights and freedoms was chosen mainly by Moscow and St.Petersburg residents (33%),

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higher school graduates (29%), businessmen (41%), students (28%), military (25%) and housewives (25%).

This survey was conducted among 1,343 rural and urban residents of Russia in October 1994.

Lower Crime Rate is More Important than Democratic Rights and Freedoms

Respondents were asked the following question: "If you were to choose between a lower crime rate and preserving democratic rights and freedoms, what would you opt for?" Only one option could be chosen. The answers split as follows:

Lower crime rate	74%
Democratic rights and freedoms	12%
Hard to say	14%

Democratic values are preferred by those with higher incomes (24% against 8% among those with lower incomes).

On the whole, the percentage of those opting for democratic rights and freedoms is the highest among Moscow and St.Petersburg residents (27%), students (19%) and businessmen (28%).

Noteworthy is the fact that when respondents have to choose between democratic freedoms and better living standards, higher school graduates, military and housewives tend to select the first option, while the same categories value democratic freedoms less when they think about crime.

This survey was conducted simultaneously and among the same respondents as the previous one.

Where Are You, Good People?

Respondents were asked to choose an option to continue the following phrase: "Today most people's attitude towards other people is..." This is how their answers split this year and in 1993:

	1993	1994
Very bad	16%	17%
Rather bad	16%	22%
Not so bad	24%	22%
Not so bad and not so good	22%	24%
Not so good	10%	7%
Rather good	3%	3%
Very good	1%	0%
Hard to say	8%	5%

The trend to believe that other people treat you in a bad rather than good manner is clearly seen from the answers. This perception has not virtually changed since last year. Moreover, it makes no difference whether the respondent resides in urban or rural area, is Orthodox or does not believe.

It is curious that the share of those who think that other people treat them kindly is a little higher among those who believe outside any confession (17%).

These results were obtained through two nationwide polls conducted among 1,343 respondents in October 1994 and 1,032 respondents in February 1993.

Respondents Incline To Assess Their Own Attitude Towards Other People as Good

Respondents were asked to continue the phrase: "Your own attitude to other people today is..." Only one option was available. Here is how the answers were split:

	1993	1994
Very bad	3%	2%
Rather bad	4%	3%
Not so bad	8%	9%
Not so bad and not so good	29%	32%
Not so good	24%	22%
Rather good	14%	16%
Very good	3%	7%
Hard to say	15%	9%

Respondents tend to assess their own attitude to other people as good. The percentage of those who think to treat people kinder is higher in Moscow and St.Petersburg (58%) than in other major (46%) and small cities and villages (42%).

There are fewer of those whose attitude to other people is not so bad and not so good in Moscow and St.Petersburg (20%).

Elder people above 55 (54%) and higher school graduates (52%) tend to claim their good attitude to others.

The share of "not so bad and not so good" people is notably high among students (41%), while the military tend to be bad (28%).

More bad people are encountered among non-believers (17%) than believers (13%), but the lowest number of them is among those who believe outside any confession (7%).

These two surveys were conducted simultaneously and among the same respondents that the two previous ones.

Poll Reveals No Clear Leaders Among Political Parties

MK1711131094 Moscow KURANTY in Russian 17 Nov 94 p 5

[Report by Oleg Savelyev under the "Social Barometer" rubric: "My Party. No Clear Leaders on Russian Political Scene Today"]

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[FBIS Translated Text] This past spring and fall, sociologists of the All-Russia Center for the Study of Public Opinion asked 3,000 people in Russia the same question: "Which of the parties and organizations listed best reflects the interests of people like yourself?"

Having collated the results of both surveys, one can see which party is growing in weight, which is losing influence, and which is neither here nor there (all the data are in percentages)

	Spring	Fall
"Russia's Choice" (Gaydar)	10	8
LDPR (Zhirinovskiy)	7	7
Yavlinskiy's bloc	6	7
Communist Party of the Russian Federation (Zyuganov)	10	6
Russian Social Democratic People's Party (Rutskoy)	—	5
"Women of Russia" Political Movement (Lakhova)	5	4
"Agrarian Party of Russia" (Lapshin)	3	3
Party of Russian Unity and Accord (Shakhray)	4	3
Democratic Party of Russia (Travkin)	4	3
Economic Freedom Party (Borovoy)	0.8	2
"Working Russia" (Anpilov)	0.5	0.5
National Salvation Front (Konstantinov)	0.6	0.3
"Accord in the Name of Russia" (Zorkin)	—	0.3
Russian Movement for Democratic Reforms (Popov)	0.5	0.2
Other	0.6	0.4
Do not know such party	11	19
There is no such party	16	13
Hard to say	22	19

"Russia's Choice" was on average named more frequently by heads of both state-run and private enterprises; students and people between 40 and 55 years of age with high incomes and living in Moscow and St. Petersburg (conventionally, capitals) and in the Urals; and west of the Urals, in major cities. One can judge the scope of their political interests from the news sources they prefer: PODROBNOSTI, "News 2x2," "Segodnya" (TV Programs), IZVESTIYA, NEZAVISIMAYA GAZETA, and KOMMERSANT (newspapers).

Zhirinovskiy's party was named more frequently by jobless; workers and men on the whole (twice more than by women); people below 40 with an education below high school level; those with low incomes; and those living in European Russia's north and south. They prefer to watch "News 2x2," "Vremechko," and to read NEZAVISIMAYA GAZETA. They voted only for Zhirinovskiy's party.

Yavlinskiy's bloc was mostly preferred by specialists and executives, and on the whole by persons between 22 and 55 with higher education, with high and medium incomes, living in the capitals and other major cities. They prefer to watch "Vremechko," "Segodnya," to read KOMMERSANT, KOMSOMOLSKAYA PRAVDA, and TRUD.

Zyuganov's party was more often preferred by pensioners and men on the whole, people above 40 (especially above 55) with an education below higher school, those with high and higher school education, medium incomes, and living in major cities but not in the capitals. The prefer news on local television channels, SOVETSKAYA ROSSIYA, and PRAVDA.

Resume. Given the current fragmentations and disunion, most of the parties and blocs are running the risk of not clearing the 5-percent barrier in elections based on party lists. If they do not make it, they will "make a gift" of their deputy seats to those political entities whose leaders manage to forget their career hopes and find a common language with their partners.

Who will be the wiser? The pro-communist "irreconcilables," or democrats, part of whom would not mind play an opposition role, something that is going to totally confuse the voters.

It's dangerous out there, ladies and gentlemen!

Kozyrev, Aide Comment on Bosnia Initiatives

LD1911214894 Moscow ITAR-TASS World Service in Russian 2035 GMT 19 Nov 94

[By ITAR-TASS diplomatic correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 19 Nov—"There has been nothing unusual about my visit to France, and the more the partnership between our states becomes natural and permanent rather than sensational, the better it is both for France and Russia." This is how Russian Foreign Minister described the results of his visit to France to a group of Russian journalists on board the aircraft which brought him back to Moscow.

At the same time, the minister continued, the visit took place at a time when a number of international problems

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have become more acute, such as the situation in Bosnia-Herzegovina. "The situation in Bosnia, like a litmus paper, shows that it is necessary to strengthen the European basis of stability and the European basis of partnership," the minister stressed.

During the numerous meetings Kozyrev held in France, including his meetings with President Francois Mitterrand, Prime Minister Edouard Balladur, and his French and British counterparts, Alain Juppe and Douglas Hurd, the Bosnian problem was at the center of attention.

Galina Sidorova, political adviser to the Russian minister, said in a conversation with an ITAR-TASS correspondent in Paris today that Russia, France, and Great Britain agreed to apply the utmost effort to convening over the next few days a sitting at ministerial level of the international Contact Group for a settlement in Bosnia. According to the diplomat, the possibility of assembling the heads of foreign policy departments in Brussels on 2 December figures as a working hypothesis. The European states agree with this and now the ball is in the U.S. court which, G. Sidorova hopes, is also unlikely to object to this date.

The fact of the matter, she explained, is that a meeting of NATO foreign ministers, in which the western members of the Contact Group will participate, will take place in the Belgian capital on 1-2 December. A. Kozyrev will take part in the sitting, planned in Brussels for 2 December, of the North Atlantic Cooperation Council, of which Russia is a member.

G. Sidorova thinks that they are unlikely to miss a chance to discuss under the aegis of the Contact Group the new situation surrounding Bosnia. The Europeans, at least, do not conceal their readiness to do so. And the date of 2 December was not announced after the trilateral talks in Paris on Friday only because of the lack of clarity surrounding Washington's position, A. Kozyrev's political adviser said.

Economic & Financial Issues

New Russian Economics Minister Yasin Interviewed

LD1811213894

[FBIS Editorial Report] Moscow Ostankino Television First Channel Network in Russian at 1916 on 18 November on its program, Person of the Week, carries a 15-minute interview with newly appointed Russian Minister of Economics Yevgeniy Yasin. He is seated in an armchair, dressed casually in sweater and shirt, and is interviewed in a living room by Yelena Sarkisyan.

He says: "I am not a politician." "I am not a deputy and have never tried to be a deputy—well, the post of Minister of Economics is a political post, of course, but I hold it as a professional and I will never be a politician." He says his wife advised him against taking up the post but he decided to take it "because somebody had to."

The interviewer recounts brief biographical details of Yasin's life, over photographs of him with family and friends.

Sarkisyan asks Yasin if he joined the government with his own program or whether he had just been used to fill a gap. He replies: "In a country like Russia, you can't come with your own program. I'm a member of a team. And when I was invited, I knew what I was getting into. I knew that Viktor Stepanovich Chernomyrdin was the captain and that there was the president above him. And there are people in the team that I happily work with. I cannot say that I agree 100 percent with everything that, let's say, Chubays or other members of the government say; for instance, with what Chernomyrdin himself says. But that degree of difference of opinion is within the margins of error and I think that the course that has been set today will make it possible to work to move reforms ahead."

Asked if he thinks there are too many vice-premiers in the Russian Government, Yasin responds: "Theoretically, it would be better if there were fewer of them".

He says his political and professional sympathies lay with Yegor Gaydar and Grigoriy Yavlinskiy.

Yasin says he might become a deputy if he were asked to stand: "It seems to me that a deputy's life is a quieter one."

Speaking of his new career, Yasin remarks: "I do not reckon on a lengthy life as part of this cabinet. I do not know why I will leave the government—I don't want to think about that now—whether it will be because the government itself in the present line-up will disappear, or whether I will go of my own accord or be asked to go, that's not what's important just now. What is important is that in the time which I think is allotted to me, I think I know what I have to do."

The program ends with video clips showing Yeltsin meeting the public.

Outlines Goals

AU1811185994 Hamburg DIE ZEIT in German 18 Nov 94 p 39

[Interview with Yevgeniy Grigoryevich Yasin, Russian economics minister, by Maria Huber; place and date not given: "'Promises Are Pointless'"]

[FBIS Translated Text] [Huber] Yevgeniy Grigoryevich, in view of the crisis that Russia is experiencing, the economics minister always runs the risk of being made a scapegoat. How long did you think things over before you accepted the post?

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[Yasin] One night. At first, I did not want the post, but, in a manner of speaking, a gun was pointed at me. If you do not accept the post, then the reforms will fail completely....

[Huber] Your new post is considered a ejector seat, but on the other hand, there is a danger that it will lose importance as a free market economic course is pursued. Privation and finance have already been hived off.

[Yasin] The post is still needed. Fortunately, this ministry has become a reform ministry with an excellent team. The reform process is entering a new stage in Russia, and we are writing the next program for it. It will set out tasks for the period 1995 through 1997. Until now—since 1992—we have been struggling to get the budget deficit under control. In the meantime, important conditions for a reduction in inflation have been created. For several months now, we have had positive real interest rates—savers are receiving more than what is eaten up by inflation. Companies, banks, and the population are beginning to save again. The next stage is to create institutional conditions that will allow savings to be turned into investment. Without investment in production, any hope of an upturn will remain an illusion. If investment were to be channeled into old production structures, then there would been have no need at all to start on reforms. Structures have to change first and then there will be growth.

[Huber] How long might that take?

[Yasin] About three years. We could create the institutional framework conditions by then, but only if we manage to achieve macroeconomic stability. Even if there is an inflation rate of 30 to 40 percent, which is what is being forecast for 1995, capital will flow into financial speculation and at best into trade, but not into production.

[Huber] That means that you will have to finally stop the Central Bank from disrupting the government's stabilization course.

[Yasin] I would not say that the Central Bank's actions have really been disruptive. Its policies have been basically right. It has honored its agreement with the government. As a result, Russia has received the second IMF loan installment of $1.5 billion. That excessively high inflations were, so to say, "scheduled" in the agreement is another matter, and the present government was involved in that just as much. What the Central Bank really can be blamed for is the fact that the ruble exchange rate was maintained artificially over months and that foreign currency reserves were drawn on to too great a degree.

[Huber] Why is the Central Bank making such generous use of the printing presses?

[Yasin] Because the government requests loans of it and those can only be financed with new money. That has not even been considered a peccadillo in our country for a long time now. That only really became apparent to me in 1990 when I visited Japan along with the young reformist economists Grigoriy Yavlinskiy and Boris Fyodorov. There we discovered that the Japanese—like other countries too—had a law that forbids the government borrowing money from the Central Bank. In 1995, we have to get ourselves into a situation in which the government will not want loans from the Central Bank.

[Huber] But there is still no law to that effect?

[Yasin] Not yet. That is why the government must start on a dry run now. It must adopt a very strict approach to monetary and fiscal policy before the law forces it to. However, we need such a law urgently. Currently, the Central Bank lends the government money at 10 percent—compared to the inflation rate, that is peanuts.

[Huber] The government is trying to reduce the budget deficit by drastically reducing expenditure. It is now getting a couple of billion dollars from the IMF to cover the deficit. The Finance Ministry is deceiving itself.

[Yasin] Rejecting loans from the Central Bank does not mean that the budget deficit will disappear overnight. We are still not in a position to collect all the taxes that are due and to do so punctually. That is why we need a transition period. Only then can we fight inflation without damaging the economy further.

[Huber] However, inflation is being further fueled by the rapid circulation of cash. Noncash payment is still not widespread, even between companies.

[Yasin] The rate at which money is circulating has slowed markedly in 1994. The high level of savings has made an important contribution to that. That is why we can hope that better control of the money supply will reduce inflation.

[Huber] Do you also have a recipe for reducing the inflationary debts that companies have vis-a-vis each other?

[Yasin] There has been a fundamental change in the character of arrears. As plants could not longer settle payments among themselves in 1992, and thus tacitly gave each other enormous loans, the money supply expanded in an uncontrolled manner. However, in 1994, the situation looks entirely different. It is true that arrears are continuing to grow rapidly, but this is less of a monetary and more of an institutional problem. Our managers are gradually learning how to repay and collect debts. However, they often simply hide money. Privatization is still in progress. When they want to acquire production assets, they suddenly have cash at their disposal, but at the expense of workers and suppliers that have not been paid. Only half of this problem can be solved with economic means, the other half belongs to the sphere of crime.

[Huber] Are your hands often tied?

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[Yasin] Under more or less market economy conditions we cannot exert any direct influence on the economy. We do not have a direct lever. Everyday there are new problems. Let me just give you an example: In May, President Yeltsin issued a decree on improving the levying of taxes. According to this decree, each company may have only one bank account. Both banks and companies were outraged: They claimed that this decree is hindering them. For our control, it is, quite naturally, easier if all transactions are made to one account. However, if this really causes losses in production and exports, we must work out another proposal.

[Huber] Who are the winners and who are the losers after three years of economic reform?

[Yasin] The winners are the financial sector, trade, and everyone who works there. They represent the new market economy, and they are the only dynamic thing in Russian economy; all resources are streaming in this direction. All others are the losers for the time being. Some of the losers may be the winners tomorrow, but only if society changes hand in hand with the economic structure. At the moment, it is pointless to promise the people anything, and it is impossible to give them anything for free so that their standard of living does not decline. In the old system, they were ensconced securely on the various echelons of the social hierarchy. Now they have to look for their own place in life.

[Huber] Can everyone find a place in the market economy? For instance, the millions of people who were settled in the enormous regions in the north in the past?

[Yasin] It was indeed part of the excesses of the planned economy to take millions of people to the raw materials. In the meantime, it has become clear how pointlessly expensive it is to transport foodstuffs there. Labor and products have become affordable. This year, the supplies of goods, fuel, and energy to the people in the north have declined to half of the amounts that were usual in the past. However, one has to continue supplying the people. The number of inhabitants in large towns like Norilsk or Murmansk beyond the polar circle cannot go down as quickly as would be desirable. Here, in the center of Russia, people are not particularly welcome. And the state does not have any money to resettle them. However, we must come to terms with this problem in some way.

[Huber] Yevgeniy Grigoryevich, some of your students have held the office of ministers and have become market economists, not least because of your influence. Where and when did you receive your stimuli?

[Yasin] At first, I was certainly convinced that a just society is possible under communism. However, the longer I dealt with the economy as part of my job, the clearer it became to me that our economic system was not viable. This insight was particularly promoted by the experience that already, since the beginning of the 1970's, more and more had to be spent on investments to maintain the level of production. That was possible only at the cost of consumption. The invasion of Czechoslovakia in August 1968 meant the end to Kosygin's economic reforms and proved to me that that system could not live by itself and could not permit others to live. From then on, I observed as a statistician and economic theoretician how the system completed the evolution of failure.

Zhirinovskiy on Economics, Government Issues

MM1811095694 Moscow PRAVDA in Russian 16 Nov 94 p 2

[Article by Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia: "Enough, Gentlemen..."—first paragraph is editorial introduction]

[FBIS Translated Text] PRAVDA has already said why the opposition supported a vote of no confidence in the government. It is known that the LDPR [Liberal Democratic Party of Russia] faction voted for this. We believe that our readers are now accustomed to the fact that the LDPR leader possesses a convincing talent for telling every audience precisely what it wants to hear from him. Today we offer our pages to Vladimir Volfovich Zhirinovskiy, so that our readers can not only see this for themselves but also learn at first hand the reasons behind the LDPR faction's vote.

[Zhirinovskiy] The LDPR faction in the State Duma (as well as the communists) voted en masse to express no confidence in the government. We believe that this government must resign, as an antipeople government—which it once again demonstrated to us in October.

In October we all peered once again into the abyss. We seem to still be on our feet, but we still do not know what will be the result of the final loss of the people's confidence in state economic policy and of one more blow to the population's living standards. The president put this question to the Security Council commission: sabotage or negligence? There can be only one answer—a natural law.

The proclaimed "course of economic reforms" has one purpose—to build capitalism. Nobody knows what is intended.

Since there is no concept, there can be no strategy either. What remains is what we all have now: a policy of stopping up holes and adopting in each individual case numerous decrees which refute but do not repeal previous legislative acts or which simply run counter to the law and the Constitution. The government understands that you cannot get far with such a policy and that the creeping crisis will escalate into a catastrophe, and therefore right from the start of the reforms it ensured that it had a way to retreat.

Referring to the notorious "independent hand of the market," which allegedly will itself arrange everything in time, it started consistently reducing its own sphere of

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responsibility. Of the most important measures in this area, it is worth mentioning the abandonment of price control, after which the state ceased to be answerable for the living standards of the already poor population. Then the privatization of state enterprises was carried out, enabling the state to pose as a detached observer of the breakdown and destruction of economic ties and of whole sectors of industry and of the free-for-all in supposedly privatized trade. The commercialization of the banks made it possible to make short work of the people's savings.

The state retained control of finances. The means of influencing the economy and also the entire life of society was simple—to gather in the maximum amount of funds and then distribute them at its own discretion within the framework of a stick-and-carrot policy.

Nobody is in any doubt anymore that the financial system (taxes, budgets and nonbudget funds at various levels, the banking system, etc.) is not only inefficient but also simply harmful to the economy and society. Its defects are well known and can be enumerated quite simply. There is the excessive size of taxes, which blocks the development of production and the potential for giving working people material incentives. The normative base of taxation is complex, incomprehensible, and inwardly contradictory and promotes arbitrariness on the part of officials and an escalation in the numbers of tax service personnel. It eats up too large a part of the funds collected. The system of taxation is constantly changing, and these changes occur unexpectedly and are frequently retroactive. The taxpayer, if he is unable to resort to the services of experts, is constantly harassed and is afraid to engage in economic activity.

The system has now been in operation for two years, and in all this time nobody has had a good word to say for it. The impression is created that it consists of nothing but shortcomings. What has happened? At the end of September the government submitted for the State Duma's consideration a package of laws on improving the tax system of the Russian Federation. These are virtually presidential edicts, to which the State Duma has now been ordered to consent. An explanatory note emphasizes the need to "preserve the existing tax system, which, as evidenced by more than two years' experience of its functioning, is, on the whole, justifying itself."

The question arises: Why is the government clinging so to a system which performs badly practically all the tasks entrusted to taxation in a normal economy? Maybe there is some other function whose realization outweighs all its negative points?

The answers to these questions were received in the middle third of October. It undoubtedly was not a disruption caused by mistakes in economic policy during the preceding months. The "swing" was set in motion competently, after the implementation of a whole series of apparently unconnected preparatory measures.

This was not the first operation of this kind. The previous one was in September 1993. The choice of the moment for it was dictated by various reasons, which by October had come together at a single focus. The first and evidently most important point was that the policy of stopping up holes had naturally exhausted itself. The federal budget had started coming finally unraveled. It was built on the basis of a forecast of Russia's socioeconomic development adopted by the government in December 1993 with due regard for the scenario prepared in accordance with the government's action program for 1993-1995 "Development of Reforms and Stabilization of the Russian Economy." In connection with the sharp deterioration in the economic situation, however, a new forecast was drawn up in three versions, from which the government adopted the most optimistic one, which corrected indicators to the minimum extent. But the Ministry of Finance did not wish to take even these minimal changes into account when finalizing the draft federal budget for 1994. This question immediately arises: On what was the Ministry of Finance reckoning? It would be simply disrespectful to the skilled specialists who work there to say that it had miscalculated; the Ministry of Finance was plainly reckoning on something....

Profits in industry in the first half of the year amounted to just 14.2 percent of the annual volume, against 47.1 percent in 1993. There are two possibilities here. Either the government decided to leave industry without profits at all with the help of the economic management conditions it was shaping, or it was planning some kind of breakthrough in this sector. It is interesting that profits only fell by 5.4 trillion rubles [R] because of the 30-percent drop in the production volume. But they fell by R7.4 trillion because of the slowing up of the rate of growth in wholesale prices, i.e. the artificial curbing of the ruble rate. The largest drop in profits—by R11.8 trillion—was the result of increased production costs. At the same time the tax pressure on enterprises intensified. Some 45 percent of their profits were taken from them by taxes in 1993, 70 percent in the first half of this year, and 65 percent in the second half.

Industry was left almost without working capital, since the second source for replenishing it—credits—also fell sharply.

As a result, the federal budget revenue was down by almost R8 trillion. It is well known that, if there is no revenue, there is no expenditure. There was underfunding of expenditure under all the budget headings in the first half of the year.

While taking away with one hand, however, the government gave out credits with the other. But these were not credits paid into the federal budget by the program; it was a question of unplanned funding. The money supply began to grow quickly in April, and the increase reached 14 percent a month. The Central Bank of Russia continued to grant credit at 10 percent annual interest for

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the federal budget, whose deficit had increased, on average, to 14 percent of GDP by July from 6 percent at the beginning of the year. Money emission totaled R1.63 trillion in February and R3.5-4.5 trillion in July-August. The Central Bank of Russia itself spent a considerable proportion of this money on acquiring dollars, approximately 4 billion of which were bought from February through September. The dollar reserves of the Central Bank of Russia increased to $8 billion. Against this background it becomes clear why the Central Bank of Russia was constantly lowering the dollar rate, which was falling 50 times faster in Russia than worldwide. It is hard to believe that such a knowledgeable banker as Gerashchenko did not see that a serious inflationary potential was accumulating and did not guess that the ruble rate would inevitably be wrecked. He did, of course, see it and guess it. But instead of taking measures, he drastically reduced the refinancing credit rate, bringing back the situation whereby credit is free of charge and the official granting it is a benefactor.

By the beginning of 1994 the ability of Russian citizens to survive in any conditions had once again manifested itself. People managed somehow to adapt to the disgraceful economic conditions in which we all live.

The people once again started saving. The percentage of incomes going into savings increased from 7-8 percent last year to 17-19 percent in the first half of this year. At first an attempt was made to bring this money into useful circulation through the Savings Bank. It was proposed to pay out 12 percent interest monthly on fixed-term deposits. Then someone decided that there was no point in messing about. Money must be in people's hands. The Savings Bank interest was reduced to 7 percent—a rate plainly unfavorable to investors—and an attack was mounted against speculative financial giants like "MMM," "Selenga," "Tibet," etc. At all events, confidence in them was thoroughly undermined. Two birds were killed with one stone: Competitors were squeezed, and still more "hot" money was concentrated in the population's hands.

The government was pushing people increasingly purposefully toward the dollar. By the summer of 1994 people were channeling approximately 30-40 percent of their savings into buying dollars, but in the fall this indicator had already risen to 70-80 percent. Experts estimate this sum at roughly $2-3 billion a month. This means that commercial banks will increase the number of dollars being imported to at least 30 billion. We will in effect once again be providing America with that sum in credit.

The outflow of money from the banks increased still further following the demand that commercial banks inform the tax organs of all deals in excess of $10,000. That decision virtually eliminated one of the basic principles of the existence of the banking system—ensuring commercial secrecy for the client. The amount of cash in hand started to grow still faster. For example, starting at the beginning of October, investors at the Industrial Construction Bank withdrew five times more money than they deposited.

Information was circulated about the government's intention to tax bank deposits. This resolved two tasks at once: to push the investor toward the dollar and to launch a trial balloon. This has now been abandoned. Of course, it cannot be done overnight, but preparation for the future has already been made.

By the fall there was already approximately R20 trillion in the population's hands, plus approximately R10 trillion in free funds of commercial banks. In the government's opinion, this was evidently enough to start the game. At any rate, the premier gave his consent to the issuing of a further R3-4 trillion in credits.

In the middle of September the Central Bank began the operation with a massive discharge of rubles onto the currency market. Several commercial banks close to the government were involved in this. Naturally, the rate fell, and the Central Bank of Russia equalized it with the help of its traditional currency interventions. The press started to carry information that in August and September the Central Bank of Russia had almost exhausted its potential for restraining the fall in the ruble rate. In parallel, at the conference on the first half-year's results, the government announced that the tasks of the struggle against inflation had mainly been fulfilled and the priorities in economic policy were being directed toward assisting production, combating unemployment, etc. To financiers who knew the true state of affairs this sounded like a signal.

In the opinion of experts, the task was to convert the $4 billion which the government had in currency reserves into approximately R15 trillion. A currency panic was induced, citizens and banks bought up dollars, and the Central Bank of Russia once again threw the rubles obtained into buying dollars, sending the ruble rate yet lower. But the rate was clearly not growing sufficiently. By 5 October the commercial banks were played out. The accumulated inflationary potential had evidently been exhausted. The volume of currency dealings fell from more than $300 million a day to $45-55 million. The second round of panic, already nicknamed "Black Tuesday," occurred when the Central Bank of Russia simply refused to react to the fall in the ruble rate. It is said that during the several days of the currency collapse the Central Bank itself was shaping both the demand and the supply of currency. When necessary, it equally gently pushed the "swing" in the other direction, ensuring earnings also from the fall in the dollar rate.

All went according to plan. It was not for nothing that on the evening of 11 October, when reporting virtually the failure of their financial and currency policy, many members of the government found it hard to conceal their joy. No cataclysms were contemplated. Gerashchenko certainly was not joking when, reporting back to the State Duma, he suggested that deputies sell dollars

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and join in his speculation before he engaged reverse gear. The only thing they did not take into account was the sociopolitical response and the final undermining of confidence in the president and the state, to which the president had to react. But, to judge from the way the premier calmly arrived, looked, and went back to his vacation, nothing particularly terrible had happened.

What, then, did this operation produce, apart from political costs? The state was enabled to clear its debts to the state sector in respect of wages, and there was a drop in the actual arrears in respect of payments for grain, fuel, etc. It will be easier to ensure the fulfillment of the federal budget's figures for revenue and expenditure. Russian producers secured protection in the face of imports, while exporters greatly improved their positions, and it is not for nothing that a sharp drop in the rate of one's own currency is regarded in world practice as an act of aggressive protectionism. The government can once again expatiate on the economic stabilization which it has achieved, and all this thanks to a simple operation, without bothering about measures to liberalize economic management, restructure industry, or abandon subsidies for unviable enterprises in favor of purposeful investment in development programs. All this at the expense of the population and of small and medium-size entrepreneurs, who have had enough. Deputies representing the people's interests are simply obliged to remove this government.

Yeltsin Message To Interstate Economic Committee Presidium

LD1811193094 Moscow INTERFAX in English 1652 GMT 18 Nov 94

[FBIS Transcribed Text] Russian President Boris Yeltsin has sent a message of greetings to the participants in the first session of the presidium of the Interstate Economic Committee which is to open in Moscow on November 19, the presidential press service announced on Friday.

As the chairman of the Council of the Heads of the CIS Countries, Yeltsin expressed the conviction that it was a "remarkable event in the life of the CIS." The beginning has been laid for the work of a body which possesses great powers and which is expected to set the mechanism of the Economic Union into motion, says Yeltsin's message. The nearest task, the message goes on to say, is to establish a customs and payments unions, and to create conditions for the transition to a common market of goods, services, capital and labor resources, says the message.

Yeltsin believes that "favorable conditions have been created for the integration of the CIS countries." He also expressed confidence that the Interstate Economic Committee would become an efficient instrument of strengthening the CIS.

Conversion Not Meeting Needs of Oil, Gas Industry

LD1811175694 Moscow INTERFAX in English 1446 GMT 18 Nov 94

[FBIS Transcribed Text] The conversion of defense factories to civilian production cannot meet the needs of the Russian oil and gas industry in terms of equipment and such hopes are in vain, said Ivan Silayev, president of the International Union of Machine Builders, once Russia's representative in the European Union, in a Petroleum Information Agency interview.

Silayev explained that the factories which had switched to civilian production could eventually manufacture the equipment the oil and gas industry need but not before a lengthy and difficult period of retraining.

In his view, efforts have to be made to maintain the high level of technological potential of Russian engineering industries and to improve the competitiveness of Russian products on the domestic and foreign markets.

To make this possible, contracts must be signed with foreign companies on supplies of equipment on conditions of Russian enterprises' participation in its production with view towards their eventual mastering of the Western technology, "not through licensing but through joint functioning," Silayev said.

He believed that the International Union of Machine Builders, set up in October 1994, was a structure which could provide tangible aid to Russian engineering industries by advising them, analyzing programs, looking for ways to finance programs, finding foreign partners and seeking government support.

The union was set up by 62 organizations, notably the Irkutsk Aircraft and Minsk Tractor plants, the Uralmash and AvtoGAZ, Russia, the Sumy Engineering Company, Ukraine, Inkombank, Russia, Siemens, Germany, and RMI AG, a Swiss insurance and brokerage company.

Soskovets: Budget Deficit of 77 Trillion Rubles in 1995

LD1911092594 Moscow ITAR-TASS in English 0839 GMT 19 Nov 94

[By ITAR-TASS correspondent Oleg Velichko]

[FBIS Transcribed Text] Moscow November 19 TASS—According to the draft budget submitted by the government to the Russian legislature, state revenues will total 755 trillion roubles next year and outlays—826 trillion, First Vice-Premier Oleg Soskovets said in an interview with leading Russian news agencies on Saturday [19 November].

Thus, the federal budget deficit will amount to 77 trillion roubles, or 8.3 per cent from the gross domestic product (GDP), the vice-premier added.

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In the opinion of Soskovets, the government budget was drafted with an account for cuts in taxes from the wage fund. At the same time, the budget provides for cuts in individual privileges under the profit tax.

"Receipts from the added-value tax are forecast at an amount of 60 trillion roubles, excises—12 trillion roubles and the tax from population—25 trillion roubles," he stressed.

The virtual refusal to use Central Bank credits to finance state budget outlays will necessitate a substantial decrease in state outlays for central investments, subsidies to the coal industry, the agro-industrial complex, housing and utilities as well as cuts in transfers to regions, Soskovets noted.

The budget deficit of 77 trillion roubles will be covered with the floatation of state securities and the drawing of foreign credits, including additional credits from international financial institutions.

Chubays Favors Economic Reform Program

LD2011160294 Moscow INTERFAX in English 1415 GMT 20 Nov 94

[FBIS Transcribed Text] The program for the development of the economic reforms in 1995-97, which was adopted by the Russian government, will help stabilize the situation in the economy and will create the basis for its growth. This view was expressed in Moscow on Sunday at the meeting of the council for foreign investments by First Deputy Russian Prime Minister Anatoliy Chubays.

Among the priority tasks at the second stage of the reforms, for the implementation of which the "government has enough political will", Chubays named the curbing of the inflation, the re- orientation of population's savings for investments in the industry, as well as the creation of conditions for the inflow of foreign investments.

Chubays believes that the making in 1995-97 of "over 70 percent of industrial and 75 percent of trade enterprises private property will create a stable basis for Russia's economy." According to Chubays, in 1995 open investment auctions which will bring to the federal budget of over nine trillion rubles, will be the main instrument of privatization.

Meanwhile, this year, said Chubays, there are real signs for a macro-economic stabilization.

At the same time, Chubays believes that the government has not so far managed to solve some key problems, first of all, the problem of mutual non-payments, as well as to remedy the federal budget (the current budget deficit, he said, may amount to 10 percent GDP) and increase the volume of investments in the country's economy, which in 1994 is expected to constitute 90 percent of the last year's level.

Resolution Adopted on Preparing Economy for Winter

LD1811172394 Moscow INTERFAX in English 1446 GMT 18 Nov 94

[FBIS Transcribed Text] The Russian government has adopted a resolution on urgent measures to prepare the economy for the winter season. The resolution provides for the mutual settlement of debts in the fuel and energy complex, including the nuclear power industry and the deferment of federal debts.

Such a decision is expected to improve the financial position of fuel-energy complex facilities, affected by non-payments. The Russian Finance Ministry was instructed to ensure the payment of debts to nuclear power stations with promissory notes.

Thirty percent of promissory notes placed on the accounts of regional offices of the Russian joint stock company of energy and electrification will be handed over to the Rosnergoatom concern in payment for the debts accumulated by October 1. According to the concern's sources, the customers' debt to nuclear power stations totalled 1 trillion 4 billion rubles.

It was also decided to limit the export of black oil until April 1995 to supply oil refineries with no less than 2 million tonnes of oil to build up black oil reserves.

To ensure stable energy supply the Russian joint stock company Gazprom is expected to provide thermal power plants with no less than 1.5 billion cubic meters of gas from underground storages in the fourth quarter of this year.

The government's commission for credit policies will look into the possibility of prolonging for 1995-1996 the terms for the payment of centralized credits issued to fuel and energy complex enterprises in 1992-1993.

Chubays Urges Foreign Investments

LD2111104494 Moscow ITAR-TASS in English 1007 GMT 21 Nov 94

[By ITAR-TASS correspondent Vladimir Taranov]

[FBIS Transcribed Text] Moscow 21 Nov (TASS)—Russian First Deputy Prime Minister Anatoliy Chubays urged private foreign businessmen to invest into the Russian economy and promised them that free market reforms are irreversible in the country.

"Russia needs direct private investments as the breath of life. Russia should be open to the world", Chubays told a meeting of the Council on Foreign Investments on Monday.

"All government members support the idea of attracting direct private investments into Russia", he stressed.

Chubays added that the political and economic reforms which began in Russia in 1992 are irreversible. "The

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goals and principles of the reforms were confirmed in the end of 1994 by government plans for 1995", he said.

The first deputy premier said a permanently working body of the Council on Foreign Investments had been created in Moscow and a centre for support to foreign investments had been set up at the Economics Ministry.

Chubays on Hindering Foreign Investments

LD2011190294 Moscow INTERFAX in English 1814 GMT 20 Nov 94

[FBIS Transcribed Text] First Deputy Russian Prime Minister Anatoliy Chubays has accused the opposition of unleashing campaign against the inflow of foreign investments in the Russian economy.

In the run up to the session of the council for foreign investments (which opened in Moscow on Sunday—"IF") the opposition organized a campaign in the media under the slogan, "The country is on sale", Chubays told the Financial Information Agency on Sunday.

He said the opposition had launched an attack to frustrate the government's efforts to developing normal relations with the outside world. In 1992 the government was accused of the outflow of capital from the Russian economy, now we are being accused of the opposite, of the attempt to attract capital to the country's economy, said Chubays.

He said that simultaneously with attracting foreign investments, the government takes measures to protect Russian producers. For example, during the construction by the company Mars of a factory for the production of confectionery at Stupino near Moscow (the cost of the project is several hundred million dollars) the company's 100-percent acquisition of raw materials and component parts at the Russian market was one of the conditions of the agreement.

Chubays said that the attraction of foreign investments will increase the number of work places and remedy the economy. Countries all over the world are seeking to attract foreign investments and spend much money for that, said Chubays. "We have spent not a single ruble."

Finance Minister on Tax, Budget Issues

MM2111100494 Moscow KOMMERSANT in Russian 15 Nov 94 pp 6, 7

[Interview with Vladimir Panskov, Russian minister of finance, by Andrey Galiyev; place and date not given: "Vladimir Panskov: Tax System Must Provide Incentives for Commodity Producer"]

[FBIS Translated Text] [Galiyev] Vladimir Georgiyevich, as it happened you did not participate in the elaboration of the draft budget for 1995, but it is up to you to implement it....

[Panskov] No, first I have to defend it in the Duma.

[Galiyev] And what, do you think, are the chances of adopting the budget in the form in which it was submitted?

[Panskov] I can hardly speak for the State Duma deputies, although it is possible to say even at this early stage that there will be determined opposition from the point of view of the agrarian sector and the military-industrial complex. Because there are questions pertaining to these complexes, and it is no use concealing that fact.

But what do I like about this budget, and why will I defend it in the Duma? Unlike previous years, the budget coincides with my position. It is more realistic, although I cannot say that it is 100 percent realistic. But I favor a realistic budget. We cannot lead government bodies, the budget sphere, or the aforementioned military-industrial complex and agrarian sector to expect certain financial resources for the year ahead and then give them 40, 50, or 60 percent of that. We must specify in advance: Okay, there is not much money in the country—it simply is not there—so it is essential to use it more wisely. Each sector of the economy, each enterprise must know in advance how much it will receive in order to have a chance to plan its activity and to attract extra resources of some kind. That is the first thing.

The second thing I like about the budget is: It is based on noninflationary methods of covering the deficit. And not by means of borrowing money from the Central Bank. Of course, again you may ask the question: Is this realistic or not? It is difficult, but I think it is realistic. If you compare the funds attracted from the population and professional investors to cover the budget deficit for 1993 and this year, at that time too, when the sum was written into the budget, it did not seem very realistic. But today the sum has increased sharply compared with what was put down. In 1993 we had only 300 billion, today we will have 10 trillion. That kind of increase would also appear inconceivable, but it is the actual state of affairs today.

And yet at the moment we are not attracting much of the population's money. At least we have definite ideas on how to attract the population's money. And the population does have money.

[Galiyev] What can you, as a tax expert, say about the revenue side of the budget?

[Panskov] When a budget is unrealistic from the point of view of revenues, we cannot hold the taxation service responsible for fulfilling the revenue side of the budget. But if the revenue basis of the budget is put together realistically, then it will be possible to demand every last percentage point. That is the first thing.

Second. There is a certain idea, I do not know how it will be received in the State Duma.... In the draft submitted by the government, there are of provide incentives to the commodity producer to a greater extent. Perhaps even

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by means of cutting tax rates. And thereby obtaining a larger tax base and more taxes.

I was a member of the commission for elaborating a new tax system, and we arrived at the unanimous opinion: Today, the idea of discarding the tax system and building a new one is utopianism. For one simple reason: It will take two or three years to test this new tax system and to "get it on its feet." We do not have two years. So I would like to pursue the following policy in the Duma: This tax system must be improved. And all will be well and good if we manage to introduce into the Law on the Fundamentals of the Tax System the concept of "the government's right to experiment in the sphere of taxes in individual territories."

It is a matter of creating a new tax mechanism, perhaps within the framework of the existing one, but with lower rates and with higher concessions. There are some very businesslike and enterprising administration heads. I already know many with whom it is possible to work and who have their own ideas.

[Galiyev] And can I take it that such models exist?

[Panskov] Yes, of course. There are such models.

And another thing. You know, an experiment could be conducted not only at oblast level, but, say, at an individual plant. What is so terrible about that? The Treasury does not lose out, as these are not such big sums of money. But it is possible to work out a mechanism. Today in our country there are major enterprises which do not pay taxes because they do not make a profit. And they do not make a profit because they have not yet secured a market for their products, for whatever reason. That is, they do not pay taxes not because they do not want to, but because they have nothing to pay tax on. So maybe we could exempt them officially from these taxes and create terms for them so that they can continue to make something on this territory, not pay taxes for two or three years, but after that, pay.

I realize that these are contentious issues. But it seems to me that such a move is necessary.

[Galiyev] I have great misgivings about how the deputies may take the phrase "the government's right to experiment."

[Panskov] Well, it is always possible to make legal stipulations. And it is not a matter of giving the government broad powers and offering it the whole country to experiment with. All these questions are surmountable. It is always possible to negotiate specific frameworks, the main thing is that it should be done lawfully.

[Galiyev] What was the subject of discussion at the meeting with Lewis Preston, president of the International Bank for Reconstruction and Development, in which you took part?

[Panskov] Preston did not come for talks—it was, you could say, a familiarization trip in connection with changes in the composition of the government and the transition, as was announced in our country, to the second stage of reform. The main topic was the organization of contacts between the World Bank and Russia: Apart from that, they were interested to know whether or not the conditions which they had set in order to issue "rehabilitation" credit to the value of $600 million had altered in Russia.

I saw no lack of confidence. It was a regular, businesslike meeting, friendly even.

[Galiyev] What do you think of the actual idea of the foreign loans?

[Panskov] If we had any other alternative, a third option for securing noninflationary sources, I would, of course, reject this. But what options are there today? Raising domestic funds and foreign loans. There is no third option. That is, there is a third option, of course—that is, developing the economy and raising revenue—but I believe that we have exhausted these possibilities for 1995, within the confines of this budget. Everything is laid out there, it is pointless to stipulate a further increase in these revenues as they simply will not be forthcoming. Of course, we are not doing this just for the fun of it, but in today's conditions this is the best option—to take the money, then settle up. First, these credits are not so very burdensome, in fact they are favorable. Second, today it is possible to say that we are settling Russia's debts. And there is confidence in us.

[Galiyev] What do you think of your appointment?

[Panskov] To be honest, it was unexpected. I never aspired to this post, I got on with my job, and that was that. But when articles started to appear in the press, and so on...I started to think: Why not me? Although I want to say frankly that I had no great wish or desire for it. It is a very complex sphere, a difficult sphere, and the situation is very complicated....

[Galiyev] Right now in the press, the idea of transforming the Ministry of Economics and transferring some of its functions to the Ministry of Finance is being revived....

[Panskov] You know, this has happened before. There used to be a Ministry of Economics and Finance. And undoubtedly it was not for nothing that it split up again and separate departments were set up. I believe that in today's conditions, it would be at the very least rather inexpedient to merge them.

Military & Space Issues

Grachev Says Mobile Forces Able To Fulfill Tasks

LD1811185794 Moscow ITAR-TASS World Service in Russian 1736 GMT 18 Nov 94

[FBIS Translated Text] Moscow, 18 November—Russia's mobile forces can be redeployed to any part of

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the planet as quickly as possible and are capable of fulfilling the tasks they are set. Pavel Grachev, minister of defense of the Russian Federation, said this today addressing the State Duma.

He thinks that at a time when the nature of the threat to national security has changed radically and the danger of a global war breaking out has lessened, the level of tension threatening to unleash local conflicts remains rather high in certain regions of the world. Moreover, the Minister of Defense of Russia is convinced "that the growth of aggressive nationalism, separatism and regional fundamentalism are a dangerous challenge to world stability."

In this connection, Pavel Grachev, stated: "Russia, as an independent sovereign state and member of the UN Security Council, is obliged to react to these threats not only by declarations but also to be ready to put an end to infringement and, should the need arise, to rebuff aggression and to rout the enemy."

Army, Navy Funding Problems Aired

MM1811164694 Moscow KRASNAYA ZVEZDA in Russian 17 Nov 94 p 2

[Unattributed roundup of letters: "On the Verge of a Social Explosion. Army and Navy Problems in the Language of 'Official' Letters"—first two paragraphs are editorial introduction]

[FBIS Translated Text] We have long been accustomed to the dry, restrained tone of official correspondence. It shows, as it were, "staff culture," the businesslike nature of the problems being tackled, and the ethos of this kind of communication.

But how the tonality of "official" papers has changed recently! You get the feeling that the language of newspaper pages has rapidly entered not only the speech of politicians and economists but also the dry paragraphs of official letters and telegrams. This is probably the chief impression that you take away after familiarizing yourself with the correspondence that the Ministry of Defense receives now. You are struck by how acute and intolerable the situation must be in military and labor collectives for the emotions of high-ranking officials to spill over....

To B.N. Yeltsin, president of the Russian Federation

Copies to V.S. Chernomyrdin, chairman of the Russian Federation Government, and P.S. Grachev, Russian Federation minister of defense

I inform you that, owing to the lack of financial funds, a critical situation has arisen in Sakhalin Oblast in respect of payments for foodstuffs received, air transport operations, and services rendered in supplying electricity, water, and thermal energy to military units stationed on the oblast's territory. The military units' total arrears for the month of August amounted to 15.5 billion rubles [R]. The oblast administration is taking measures to provide military units and Defense Ministry establishments with fuel and other types of material resources. But further such assistance for the military is becoming practically impossible in connection with the oblast's financial difficulties and also the natural disasters which have befallen us.

It follows from the reports received that the Far Eastern Military District Command and units under central subordination are in a hopeless financial position and are unable to carry out transactions relating to arrears or to start preparations for winter.

Based on the aforesaid, the oblast administration urgently requests the rapid clearing of the federal budget's debts to military units and Defense Ministry establishments....

[Signed] Oblast Governor Ye.A. Krasnoyarov. 21 October 1994.

To A.A. Kokoshin, Russian Federation first deputy minister of defense

The Moscow City Committee of the Shipbuilding Workers Trade Union requests you to give effective assistance in resolving the question of clearing the debts relating to work carried out by Moscow's "Salyut" State Plant and "Salyut" Design Bureau.

An extremely tense situation has now taken shape in the plant and design bureau, a prestrike state has been declared as a result of the wage arrears going back four months in the plant and eight months in the design bureau, and the situation is getting out of control. Instances of civil disobedience are possible.

[Signed] Ye.N. Anikin, chairman of the Moscow City Committee of the Shipbuilding Workers Trade Union. 8 November 1994.

To Boris Nikolayevich Yeltsin, president of the Russian Federation

V.S. Chernomyrdin, chairman of the Russian Federation Government

Army General P.S. Grachev, Russian minister of defense

Admiral F.N. Gromov, commander in chief of the Russian Federation Navy

A meeting of the trade union aktiv and all workers and employees of the Kamchatka Military Flotilla rate the financial and economic position of the fleet's ship repair enterprises as sharply critical. The situation in labor collectives is on the verge of a social explosion which threatens unpredictable consequences in connection with the presence in plant berths of ships and submarines with nuclear power units on board.

As of 15 October this year, the ship repair plants' working people had been paid their wages only through

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the month of June, and the average earnings of working people in the Navy's budget-funded organizations stands at R250,000.

Owing to inadequate funding, the preparations for the winter period have been wrecked in the flotilla, adequate fuel stocks are lacking, and vacations for northern working people in the summer period were wrecked. This situation resulted in the recent strike by the collective of the Navy's Kamchatka Ship Repair Plant. People driven to despair demanded the immediate clearing of the wage arrears and proposed rescinding the signature of the Central Committee of the Naval Workers and Employees Trade Union on the Social Accord Treaty and determining other forms of resolute protest with a view to ensuring their legitimate rights and vital interests.

The flotilla's entire civilian personnel supported the decision of the Federation of Independent Trade Unions of Russia to hold an All-Russia United Day of Protest 27 October 1994 and advanced the following demands:

—the immediate and full clearing of the wage arrears;

—increasing the minimum size of labor remuneration to the minimum living wage as of 1 October 1994;

—keeping the existing jobs in the flotilla.

Only your direct intervention in the organization of proper funding of the Kamchatka Military Flotilla can stabilize the situation and ensure the normal working of labor collectives.

On behalf of the labor collectives,

[Signed] A. Stepanov, chairman of the Kamchatka Oblast Committee of the Naval Workers and Employees Trade Union.

Impact of Budget Cuts on Army Assessed

MM2111114494 Moscow KRASNAYA ZVEZDA in Russian 17 Nov 94 p 2

[Article by Ivan Ivanyuk: "Army Needs a Fitting Status. The Budget and the Army: What Is Behind the Expenditure Figures? We Are Now Being Compared to Poland..."]

[FBIS Translated Text] Gone are the times when our newspapers were peppered with caricatures of imperialists depicted as badgers in black top hats, looking at us from across the ocean and baring their small, crooked teeth at the East. Both in our country and in the United States, generations have emerged which can scarcely remember Nikita Khrushchev's words to the effect that we churn out missiles like sausages and that it is not worth cooking, still less reheating, the gruel of the Cold War in a kitchen across the ocean.

The world has changed and we have changed, but the USSR-U.S., Russia-U.S. pair lives on in the public awareness. As what? Enemies? Rivals? Partners? It seems that in the context of this discussion, this is not really all that relevant. For decades the American way of life attracted our citizens, and the level of the country's development was a kind of starting point not very far away from communism. "We will catch up and overtake America!" screamed the early sixties posters, in which a Soviet worker overtook the clumsy capitalist with a big stride.

A lot of ideals in our society fell apart, but the ideal of a rich and sated America has become one of the prototypes of the democratic society which it was decided to build in post-Soviet Russia.

After a particular newspaper article on the problem of the funding of the Russian Armed Forces was published, an American news agency correspondent asked over the telephone: Have you tried comparing the Russian military budget with the military budget of Poland or Czechoslovakia? Doubtless the question was not asked as a mean trick, and comparing the dynamics of the defense expenditure in the countries of the former socialist camp is a matter of interest in its own right. But at the same time a lot of people would very much like our military budget to be comparable to that of Poland, or, for instance, Bulgaria.

But not on your life, as they say. Here too, the United States remains a yardstick for us and will continue to do so. At least while we remain a great power in terms of our geopolitical position, national wealth, participation in settling international conflicts, and many other factors which determine a state's influence in the international community.

One of these factors is military might, which foreign countries have always reckoned with, and success in economic matters also depends to a great extent on influence in the international arena. Who is really a threat to the United States of America today? Maybe no one. But it is still concerned about its safety margin. At the same time, while military expenditure per capita has been falling rapidly for three years in a row in our country, in their country it is practically remaining at the same level (see table). It is clear that the state of affairs in Russia's economy must be put right, but something else is clear as well: If we do not preserve the technical level attained in the defense sectors of industry and if we do not develop "dual application" technologies, we cannot count on boosting the economy as a whole. And a very great deal here depends on preserving the scientific potential of the defense sector. These ideas were at one time reflected in the Russian Federation Law "On Defense" and the Russian Federation Government Decree of 21 December 1993 "On the State Defense Order for 1994." But in the law on the federal budget for this year, which was adopted 1 July of this year, the appropriations calculated by the Ministry of Defense in accordance with guidance documents were cut by over 70 percent. A sum of 8.4 trillion rubles [R] was ratified for the purchase of arms and military hardware, and R2.4 trillion for research and development.

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Naturally, this has entailed an adjustment of the defense order, which the government made in September in a special decree. As a result, the order for the supply of 175 types of weapons and military hardware was canceled and over 1,000 scientific research and experimental design projects, including some in which Russia is ahead of the United States, were "frozen." Things are even more complex as regards the funding of fundamental science and technology and the development of basic military technologies for the elaboration of future models of arms and military hardware. Without going into technical details, I can say that this is a question of mobile and stationary versions of missile systems, the modernization of strategic submarine missile cruisers, automated artillery systems and precision ammunition for them, and future air defense systems. At this stage equipping the mobile forces, which are called upon to play an important role in the future Russian Army, with up-to-date weaponry may remain a case of wishful thinking.

Various assessments exist, but the experience of technologically and militarily developed countries testifies to the fact that the proportion of up-to-date models of arms and military hardware should be approximately two-thirds of the total number. For the United States, for example, this indicator is 60 percent. In our country it is almost half of that at the moment, and the emerging trend is really alarming.

In a situation where no new military hardware is coming into the troops, naturally the old hardware must be intensively maintained. But this year only one-fourth of the funds required have been allocated for these purposes from the federal budget. This would be enough to put back into commission one in four ships or vessels which have outlived their operating life, one in two airplanes or helicopters, one in eight armored vehicles, and one in three artillery systems. But in fact, as of 20 October 1994, the "maintenance" section in the budget was only 59-percent financed. As a result, the debt of the Russian Ministry of Defense to enterprises for maintenance work already carried out exceeds R357 billion. Workers at these enterprises have not received approximately one-third of the wages due to them—around R150 billion. The arrears in payments into the budget total over R87 billion.

The maintenance workers have been agitated all year. Fifteen enterprises have stopped work, some of them for up to two months. Seventy-two enterprises have gone over to a reduced working week. Enforced leave without pay has become the practice. All this has led to over 3,000 highly skilled specialists being dismissed from the military maintenance industry. The majority of enterprises in this unique sector are now insolvent and on the brink of bankruptcy.

Judging by the fact that next year it is planned to allocate only....5 percent of the requirements for the maintenance of arms and military hardware, the government is inclined to consider this item of expenditure as of secondary importance. Yet the disruption of maintenance plants' planned supplies to the troops of assemblies necessary for alert duty and protection systems necessary to keep up combat readiness and ensure nuclear security, may lead to disastrous results which neither Russia nor the world has ever known before.

The United States understands this perfectly well. When hearings were held this year at the U.S. Congress House of Representatives Armed Services Committee on possible spheres of military policy in respect of Russia, this subject was seriously worrying the congressmen, according to reports appearing in the press. Maybe even more than it has worried our own statesmen. According to them it is better to build a church to Christ the Savior than avert the "Chernobyls" of written-off nuclear submarines.

The American experts' assessments say that the defense appropriations envisaged in Russia for this year are approximately one-sixth of what is required for the normal functioning of the Armed Forces. And that is with the miserable level of pay which the Russian Army has had this year and the far lower standards, as compared with American standards, of combat training (accrued flying time for pilots, the distance traveled by combat vehicles, the number of days at sea for ships).

You can see how much the United States would spend on maintaining a 2 million-strong army like ours when you look at the content of the attached tables. And although the true correlation in the ruble-dollar rate could be determined more precisely not on the basis of the results of bids on the currency market, but on the basis of their actual purchasing power, even in this rather rough approximation you can see how the United States is constantly looking after its military might and how our country is literally being "stripped."

At the moment, a great many people like to repeat that the country has no money to maintain a big strong army. But this is no argument. This is just a fact which emphasizes the low returns from the economic policy being conducted and the government's inability to run the economy. In time (after all, anything is possible), maybe we will not have enough money to maintain 10 guards for "court" rituals like in San Marino.

You can agree to everything: that the Armed Forces in their present state are more than a bankrupt state can afford, and that expenditure on defense as a whole could be reduced. But this is only realistic if all the economic difficulties are overcome by economic methods and not by command methods. Reform in the army is not an exception, and a great many resources need to be invested primarily in easing the social costs of reducing the Armed Forces in order to then be able to decrease their "pressure" on the federal budget and the taxpayer's pocket.

The present "guillotining" of the military budget is like trying to economize on safety fuzes and putting the

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match directly to the powder keg. The Ministry for Emergency Situations has not exactly been sitting idle recently, and surely no one wants to exacerbate environmental, nuclear, and military danger and fan a flame in the hearth of social tension? Only those who want serious upheavals could embark on this path, and not Russia, whom the whole world would have to reckon with.

GNP Per Capita (U.S. Dollars)		
	A [USSR/Russia]	B [United States]
1990	3,152.0	24,252.0
1991	1,432.3	23,673.0
1992	1,530.6	23,916.6
1993	1,134.5	24,302.3

State Budget Per Capita (U.S. Dollars)		
1990	1,655.0	4,180.9
1991	507.0	5,502.0
1992	505.0	5,537.6
1993	400.8	5,688.4

Proportion of Servicemen in Total Population (Percent)		
1990	2.57	0.84
1991	2.42	0.83
1992	1.8	0.78
1993	1.4	0.74

Total Military Expenditure Per Capita (U.S. Dollars)		
1990	239.5	1,339.3
1991	158.0	1,164.6
1992	72.0	1,224.0
1993	57.0	1,151.9

Total Military Expenditure Per Serviceman (U.S. Dollars)		
1990	9,289.5	159,381.0
1991	6,527.8	140,142.9
1992	3,963.0	156,350.0
1993	4,047.6	156,421.1

Note: In Column A, figures for 1990-91 relate to the USSR, and those for 1992-93 to Russia. Column B—figures for the United States. The comparison of indicators for the USSR and Russia has been made using the average dollar rate for 1993 (R961.75 to one U.S. dollar)

3 Satellites Launched From Baykonur

LD2011060694 Moscow ITAR-TASS World Service in Russian 0520 GMT 20 Nov 94

[By ITAR-TASS freelance correspondent Viktor Gritsenko]

[FBIS Translated Text] Moscow, 20 Nov—Today at 0340 hours Moscow time [0040 GMT], three satellites of the global navigation system (GLONASS) were simultaneously launched by the combat crews of the Military Space Forces of Russia from the launching complex of the 200th launchpad of the Baykonur cosmodrome.

The launching was carried out in the interests of the Russian Federation Ministry of Defense. At the present time, the Military Space Forces of the Russian Federation are adding to the GLONASS system in a planned manner. It is envisaged that the complete permanent configuration of 24 space apparatuses will be achieved in 1995. The satellites "Cosmos 2294", "Cosmos 2295," and "Cosmos 2296," which were launched today are the 19th, 20th, and 21st space apparatuses in the system.

The Russian armed forces armed themselves with the GLONASS system in 1993. The United States is the only other country in the world to have a similar system, the Navstar system.

It was reported to the ITAR-TASS correspondent at the press center of the Military Space Forces that today's launching of the launch vehicle was the 40th carried out by Russia since the beginning of the year, and the "Cosmos 2296" was the 50th space apparatus put into space by Russia this year.

Federal Assembly

Grachev Tells Duma: 'I Am Clean Before the Army'

LD1811174194 Moscow Mayak Radio Network in Russian 1541 GMT 18 Nov 94

[Report by correspondent Olga Vasilenko on speech to the State Duma by Russian Defense Minister Pavel Grachev on 18 November, with recorded excerpt of Grachev's remarks]

[FBIS Translated Excerpt] [Vasilenko] [passage omitted] As for Pavel Sergeyevich Grachev, he began his speech by reflecting bitterly that a certain part of the mass media is doing all it can to discredit our armed forces and their command. Just as a doctors' case was once fabricated [reference to group of doctors accused of conspiring against Stalin] now attempts are being made to concoct a generals' case. And any minute there will be calls of: Down with the generals, save Russia! In order to [words indistinct] the defense minister talked about the scale of the tasks being tackled by the Army. They are indeed massive tasks, and the minister convinced the deputies that they are being tackled in the proper way. But naturally, questions were asked: Why then does the minister not answer the accusations by MOSKOVSKIY KOMSOMOLETS, for example? Why does he not go to court? Here is Grachev's answer.

[Grachev, laughing] It is difficult to give a short answer to that question, of course. But first, I do not read

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MOSKOVSKIY KOMSOMOLETS. I do not know this newspaper. Second, there was no problem with Burlakov until he withdrew the armed forces of the Western Group. I'm sorry, there was no problem until then. So I will cite a figure: From 1991 to 1994 there were 3,500 lawyers alone who visited the Western Group of Forces on inspections. Think about that figure. And of course their expenses were paid. Another 35,000 officials from other departments visited on inspections between 1991 to 1994, and all of them left and wrote in principle normal reports, including Mr. Boldyrev's group. True, he was not there himself. His deputy made a report which said in conclusion that there was no organized corruption in the Western Group of Forces; however there were abuses and other criminal cases which had mostly been revealed. The command and the procuracy of the Western Group of Troops were not hiding them. The Burlakov case was launched three months after. The unwelcome general fell into the company of the unwelcome Grachev.

This is the first. Regarding my own personality, I would not like to judge myself whether I am suitable or not—it is up to you to judge me. I just want to say one thing: I am trying, in these conditions, to do my duty honestly and diligently, sparing no time or efforts. It is another matter that not everything is coming out perfectly. I can see it myself. The reform is under way.

On the question of denials—the one you asked me. The matter is, my press center was sending denials to MOSKOVSKIY KOMSOMOLETS newspaper in response to their articles. Not a single one was published by the paper. By the way, we sent a denial yesterday too.

Regarding the court action. Yes, I was accused of stealing these pathetic Mercedes cars. I filed a suit against MOSKOVSKIY KOMSOMOLETS, the proceedings were initiated. The procurator—I have forgotten his name—is handling the case. I think he will sort it out. [passage omitted]

[Vasilenko] He concluded his speech with the words: I am clean before the Army. It has put trust in me.

I will add one more thing. Deputies of the Liberal Democratic Party of Russia faction came out as the most ardent defenders of our army and our minister. No decision on Grachev's address was taken. The matter ended thus, peacefully and quietly, in our parliament.

Grachev: Armed Forces Ready To Rebuff Any Aggression

LD1811194094 Moscow ITAR-TASS World Service in Russian 1728 GMT 18 Nov 94

[Report by ITAR-TASS correspondent]

[FBIS Translated Text] Moscow, 18 Nov—The Armed Forces of Russia are ready to rebuff aggression by a likely enemy in any strategic and operational area, Pavel Grachev, minister of defense, stated in an address to State Duma deputies today.

He said that the Strategic Nuclear Forces are in a high state of combat readiness, despite the major financial difficulties. There is a sufficient number of strategic guided missile submarines on permanent duty and ready for immediate use. The missile attack early warning system, consisting of permanent and orbital radar stations, is operating reliably.

The head of the military department said that the creation of a mobile group of Topol [Poplar] missile systems has been practically completed on the territory of Russia, and that a new antimissile defense system is ready to be brought into operation. Moreover, an air and space defense system of a new quality is being created and active work is being carried out to create air defense zones and areas.

According to Pavel Grachev, the military space forces have begun to launch a group of space vehicles into orbit making it possible for the tasks of detecting intercontinental ballistic missile launches, intelligence-gathering, communications and navigation to be carried out.

Moreover, the minister of defense said, fundamentally new and rather powerful army groupings capable of resolving any tasks are being formed within the national frontiers, taking into account Russia's new geostrategic position.

Grachev Duma Speech on Armed Forces

LD1911020394 Moscow Ostankino Television First Channel Network in Russian 1840 GMT 18 Nov 94

[Speech by Defense Minister Pavel Grachev to the Russian Federation State Duma, followed by question-and-answer session, on 18 November; in the framework of the "At the Session of the State Duma of the Russian Federation" program—recorded]

[FBIS Translated Excerpt] I know that there are voices in this hall saying that there is total collapse now in our armed forces, moral disintegration, breakdown. I would not rush into drawing conclusions. Before pronouncing a verdict of collapse and degradation in the army one really should enter the situation more deeply and, the main thing, think of the scale of the tasks being tackled today by the armed forces.

Despite all the negative points, those people whose moral and psychological state is under discussion here have accomplished quite a lot. If we are to speak of the moral climate in the Russian Army, than it is distinguished by a whole range of factors. The first factor is political. A new Russian state system is being established and its most important attribute is the Army. The armed forces are undergoing a complex process of reform. This tells upon the moral state of each of us. The Army is not a blind, heartless machine and servicemen have a right to

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expect their social status in society to be defined as quickly as possible. But that status has still to be fully defined.

The second is the social and economic factor. I will go into greater detail on this. Any structure, and especially one like the armed forces, can function with the support of a material base, consuming a certain amount of means and resources. That is obvious—but another thing is obvious too: No army in the world is in such a disastrous state or is in so unprecedented a situation as that in which our Russian Army and men who have sworn an oath of allegiance to the fatherland have been placed. I ask the State Duma to take these words as a warning: The armed forces' organizational development and the national security of the state as a whole are facing a real and palpable threat. Unless there is respect for the Army, unless the very approaches to its financing are changed, unless the armed forces are provided for without interruption, unless staffing by conscription is changed, unless social programs provide for them, and unless legislation is improved, there will be in the near future an irreversible loss of combat ability, a real disintegration of the army.

The majority of those now joining the Army lack spiritual or moral direction, and have not the slightest devotion to ideas of patriotism or military duty. The level of general education among conscripts has fallen sharply. Their state of health is deteriorating: Every fifth conscript has a deferment for this reason.

Even more worrying is the fact that youths are joining the army with tendencies to cruelty and violence. Last year 34,000 conscripts had a criminal record. As a result, there has been a 25 percent increase in the number of serious crimes. They are becoming increasingly audacious and aggressive, and are frequently linked to physical violence.

As you know, the army's strength and moral spirit is displayed first and foremost in the unquestioning fulfillment of orders. You know that recently the withdrawal was completed of a huge group of Russian troops from the states of eastern Europe and the Baltic. History has never known such a massive redeployment of troops and equipment in such a short time and over such a large distance.

Yes, I agree with those who believe that the withdrawal should not have been carried out in such haste. I have said this more than once. But we soldiers carried out our orders for the sake of the adopted agreements, unquestioningly and exactly on schedule.

Those currently carrying out peacekeeping missions are fulfilling their orders just as unquestioningly and conscientiously. Twenty thousand, two hundred and fifty servicemen are carrying out service in trouble spots, and essentially taking part in hostilities. As a veteran of the war in Afghanistan I will say that the greatest displays of moral spirit are those seen on the battlefield.

Let us recognize honestly who stopped the bloodshed in north and south Ossetia, in Ingushetia, Georgia, Abkhazia, the Dnestr Republic, and finally in Tajikistan, and who, incidentally, has not been crushed by the Islamic State of Afghanistan. It is not the national army of those states, and not negotiations, but precisely our soldiers who did that. And in Yugoslavia the Russian battalion is carrying out its tasks better than all the rest. Yes, local inhabitants idolize our officers and soldiers, only for some reason no one writes about or films that. A demoralized army will never be able, never be able to carry out tasks like these.

The last thing I have to say: Nobody in our country is so entirely dependent upon the state as a servicemen, nor is the state itself so dependent upon anyone as it is upon him. The state is indebted to the Army. You, lawmakers, are also indebted to the Army. The Army is awaiting what you have to say. The Army is an eternal sentinel that will never leave its post. Give it its due at last!

[Announcer] From the nature of the questions and answers in the Duma auditorium, the television viewers will probably obtain additional information about the state of affairs in the Army.

[First unidentified questioner] Pavel Sergeyevich, here is my question as a deputy, as a reader, and as a legal expert. Opening the newspaper MOSKOVSKIY KOMSOMOLETS, and other mass media, I read: The minister of defense is a criminal. Matvey Burlakov, the former commander of the Western Group of Forces, he is one, too. I am not a politicized deputy, I am an independent deputy. But I cannot help asking: If you are honest, if your subordinates are honest, why don't you refute these newspaper allegations according to the procedure established by law—for they are obliged to publish your refutations. Therefore, very briefly, my question is: Doesn't the minister of defense have anything to say or doesn't anyone want to hear what the minister of defense has to say today?

[Grachev, gives short laugh] Well, of course, there is no brief reply to that question. Well, in the first place, I do not read MOSKOVSKIY KOMSOMOLETS. [unidentified voices in auditorium] I do not know that newspaper [unidentified voices in auditorium can be heard saying: that is right, some applause]. In the second place, the problem with Burlakov did not come up until he pulled out the Armed Forces.

Regarding my own personality, I would not like to judge myself whether I am suitable or not. It is up to you to judge me. I just want to say one thing. I am trying in these conditions to do my duty honestly and diligently, sparing no time or effort. It is another matter that not everything is turning out perfectly. I can see it myself.

[Second unidentified questioner] The entire Armed Forces are being insulted through insults to the supreme officer corps. The majority of deputies do not support these insults. Understand that correctly! Secondly, your

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pressure yesterday through some officer or other who smiles and who says: Let the people's deputies remember! We are warning them! Pavel Sergeyevich, there is no need to warn us! We are on the Army's side. We have never betrayed it! And if defenders are needed, Senior Seaman Vyacheslav Marychev will also stand up to defend his homeland, and he will defend it without fail! But I have two short questions [background voices in auditorium], two short questions; The first: Why do you permit such an attitude toward yourself? The second: A State Duma resolution was adopted against holding joint U.S.-Russian maneuvers on Totskoye test range. Why did you give in to Sergey Yushenkov, who is supposed to be saying today: We are against the president's resignation! When, in fact, they are the very ones out for your resignation. So take a close look and answer that question: Why didn't you carry out the resolution? Why did you hold maneuvers on Totskoye test range?

[Grachev] You know, that was such a serious question that I've even forgotten the first question that you asked. [laughter in auditorium] Well, in the first place, do you know why I don't rebuff these allegations? Because I consider it to be beneath my dignity to enter into polemics with boors and with those who are smearing me. [applause] You see, although I am a country lad—though I fought five and a half years in Afghanistan, though I am still not ashamed to wear the star of Hero of the Soviet Union—I will not be rude to others.

As for holding exercises at Totskoye—perhaps you will see things right, perhaps not—the fact of the matter is that this is of great political significance. Do you see? In the first place, there is a cooperation agreement between the two states. Next year, even more of us will hold exercises in the United States, on the territory of the United States—that is the first thing. Secondly, from the purely military point of view, holding such exercises promotes a better study of servicemen of other states, of their strategy, tactics, their ability to operate in extreme conditions, and so on and so forth.

[Third unidentified questioner] As a minister, as a citizen, how do you feel about the observation... [pauses] How do you think a minister, any citizen, should feel about the observation of laws in the Russian Federation? The question in this connection is this: The Start-2 Treaty has not been ratified yet by the U.S. Congress or by the Russian Federation Federal Assembly. However, de facto, it is being implemented. Therefore, I would ask you to reply—what is your attitude to that issue, and is that treaty detrimental to the Russian Federation, and who has an interest in its implementation getting underway?

[Grachev] I state to you officially that it is not detrimental and that simply in the situation we are in at present—and that is, in a statement, Kazakhstan, Ukraine and Belarussia [Belarus] assumed the status of non-nuclear states—we are simply obliged to draw nuclear weapons out of there and destroy them.

[Fourth unidentified questioner] Esteemed Pavel Sergeyevich, in your address you reflected that our army does not have enough finances for its defense capability. We can see that finances are tight, because there was the tragedy on Russkiy Island [Maritime kray], where sailors were not fed, and this led to casualties. We see our soldiers going about the streets looking for cigarette butts. That is simply humiliating for a defender of the fatherland. [passage omitted] But on the other hand, we see that money is found to introduce a new uniform for the entire Army—and you are wearing it now—which in no way reflects Russian traditions. The uniform has been Americanized outright—epaulettes everywhere, khaki. Who initiated that proposal? That took more than just 1 million, more than 1 billion rubles. It probably took tens, hundreds of billions of rubles to put the entire Army in new uniforms and boots.

[Grachev] Well, first of all I would like to say that one of the words you used wasn't quite correct, in my opinion. When you talk about your army or your soldiers going around picking up cigarette-butts, they are not Grachev's soldiers, but our soldiers going about picking up cigarette-butts. That's the first thing.

The second thing—regarding the uniform, more than 40 different institutes, both military and civilian, were set to work in order to select the new uniform. I want to tell you that our uniform significantly differs from that of the Americans, as you said. The Army should not, as I see it, be a conservative body. It should follow fashion even if only in a small way, you understand. [passage omitted]

[Sixth unidentified questioner] First of all, I ask us all to appeal for proper behavior, for no offence to be caused to anyone either from the rostrum or the hall. That is the first thing; here is the second question. Esteemed Pavel Sergeyevich, I receive thousands of letters from women, soldiers' mothers. And I know that bullying by seniors [dedovshchina] continues in the Army and causes more and more victims.

[Grachev] If I have expressed myself improperly with respect to anyone, including deputy [Nikolay] Stolyarov, I beg your pardon. [passage omitted] Secondly, as far as bullying by seniors is concerned, it does indeed take place. But I assure you that the increase in bullying by seniors now accounts for 8 percent of the total number of people killed or seriously injured. It is decreasing, but not as fast as we would like.

I do not want to quote exact figures on how many commanders we have dismissed in connection with this in order not to mislead you. But we are dismissing a large number, and my latest order, number zero one hundred, on the state of troop discipline says once again that first, this should not be covered up, and second, that this matter requires close attention, that it should be investigated exhaustively, and that commanders should be punished with the utmost strictness. [passage omitted]

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[Stolyarov] Yesterday on television, you said for all to hear that you do not intend to resign. [passage omitted] The other day in this hall, the question arose of confidence in [State Duma Speaker] Ivan Petrovich Rybkin. He put the question to a vote there and then, received absolute support, and is now running things confidently and calmly. Pavel Sergeyevich, follow his example.

[Grachev] As to whether or not the defense minister should resign, read Article 132 of the Constitution, which says I am dismissed by the same person who appoints me. I am clean before the army and have done nothing criminal before the army. As to whether or not there is confidence in me, you should have been present at the summing up of results, when complete confidence was expressed in me. So I do not intend to resign independently.

Not Asked To Resign

LD1811163894 Moscow Ostankino Television First Channel Network in Russian 1552 GMT 18 Nov 94

[From the "Novosti" newscast]

[FBIS Translated Text] At 1700 today Russian Defense Minister Pavel Grachev began addressing the [State] Duma. After his report, which lasted half an hour, on the state of affairs in the Armed Forces a debate began. At times the deputies' questions were extremely heated.

By the time this news bulletin started, the open hearings of the defense minister finished. The question of his resignation did not arise.

You can hear a detailed report in the "Novosti" bulletin at 2100.

Grachev Warns Poor Financing Threat to Army Efficiency

LD1811171994 Moscow ITAR-TASS World Service in Russian 1617 GMT 18 Nov 94

[By ITAR-TASS correspondent]

[FBIS Translated Text] Moscow, 18 Nov—The organization of the armed forces and the state's national security are on the whole faced with a real and tangible threat. If the Army is not treated with respect and the approach to its financing, uninterrupted supply, and replenishment with recruits and to the perfection of legislation are not changed then the irreversible processes of loss of fighting efficiency and the Army's real collapse will begin in the near future. Russian Defense Minister Pavel Grachev said this today at hearings in the State Duma on the morale and psychological state of the Army.

The minister said that "those who wish to create tension in the armed forces, sow discord and division, and provoke a social explosion in the country are not at all concerned about Russia."

Pavel Grachev said that no other army in the world today is in such a miserable condition and such an unprecedented situation in which the Russian Army and people who have sworn their oath of allegiance to the Motherland find themselves. He asked the deputies to regard these words as a warning.

The lack of necessary funds is the main problem faced by the armed forces, the minister said. The money allocated to the army is not enough to cover even the basic daily needs of the armed forces; a number of vital aspects of reform and structural organization of the Army has to be put on hold. Pilots are not fulfilling their target for flying hours and ships are failing to put to sea. According to Pavel Grachev, at the moment the armed forces have only 40 percent of the modern equipment required and, unless the situation changes, this amount will drop to 10 percent by the year 2000.

Says Causing Social Tension

LD1811204394 Moscow ITAR-TASS in English 1827 GMT 18 Nov 94

[By ITAR-TASS correspondent]

[FBIS Transcribed Text] Moscow November 18 TASS—Insufficient financing is the major reason for social tension in the Russian Armed Forces, Russian Defence Minister Pavel Grachev told the State Duma today.

In his words, the overall debt of the Russian Armed Forces is 8,200 billion rubles. Almost all the money allocated to the Defence Ministry is used to pay salaries to the servicemen.

The financial deficit has put on the verge of poverty 75 per cent of officers' families, especially those in the extreme northern, Trans-Baykal and Far Eastern areas, said the minister.

The ministry has received 18,800 billion rubles out of the planned 37,700 billions in 1994. This year alone 2,600 officers quit the Army service. In the opinion of Grachev, the 1995 planned allocations of 45,000 billion rubles are three times less than the necessary minimum.

The ministry has boost the reduction of the Armed Forces' strength. The strength will reach 1,917,400 people by January 1, 1995. A total of 900,000 servicemen were dismissed in two years and eight months. In the words of Grachev, the reduction of the Armed Forces will not cut the military spending, since it is now cheaper to maintain the Armed Forces than to cut them.

'Catastrophic' Undermanning

LD1811171894 Moscow ITAR-TASS World Service in Russian 1620 GMT 18 Nov 94

[By ITAR-TASS correspondents]

[FBIS Translated Text] Moscow, 18 November—Addressing the State Duma today, the defense minister

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Pavel Grachev said that the Russian armed forces are experiencing a catastrophic shortage of personnel.

At present, the minister said, only 23 percent of citizens of conscription age are being called up. For this reason, Pavel Grachev noted, the units and ships on constant alert duty as part of the strategic nuclear forces are on the verge of losing their combat capability.

Noting that the shortage of personnel is "one of the main factors for the low state of military discipline," the defense minister stated that young people "with leanings toward brutality and violence" are often now being called up for service. As confirmation he cited the fact that last year alone 34,000 individuals with court convictions had been called up. As a result the number of serious crimes in the army had increased by 25 percent.

The minister also noted that the state of health of conscripts is getting worse. Almost one in five of them is having their call-up deferred.

Zhirinovskiy Insults Stepashin; Forbidden To Speak in Duma

LD1811150494 Moscow ITAR-TASS World Service in Russian 1406 GMT 18 Nov 94

[FBIS Translated Text] Moscow, 18 Nov (ITAR-TASS)—Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia [LDPR], has been forbidden to speak for the next three plenary sessions of the State Duma following the insulting attacks he took the liberty of launching today against Sergey Stepashin, head of the Federal Counterintelligence service.

Extremely agitated, Vladimir Zhirinovskiy called the Federal Counterintelligence service "CIA's and Mossad's offshoot" and Sergey Stepashin "an agent of these special services."

"See you in court," said Sergey Stepashin. Following the voting which deprived Zhirinovskiy of the right to speak, Ivan Rybkin apologized to the Federal Counterintelligence director for the deputy's insulting conduct.

Duma Fails To Punish Zhirinovskiy

LD1811183394 Moscow ITAR-TASS World Service in Russian 1624 GMT 18 Nov 94

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Translated Text] Moscow, 18 Nov—The decision of a majority of State Duma deputies, who voted today to deprive LDPR [Liberal Democratic Party of Russia] leader Vladimir Zhirinovskiy of the right to vote [golos] at the next three sessions for insulting FSK [Federal Counterintelligence Service] Director Sergey Stepashin, did not "get through." The deputies' decision to deprive LDPR leader Zhirinovskiy of the right to speak [slovo] failed to obtain two-thirds of the votes cast. It was 20 votes short of the quorum.

The row was sparked off during the debate on the draft law on the federal counterintelligence bodies. From his seat in the chamber, Vladimir Zhirinovskiy kicked up a row with the director of the FSK, calling him a "Mosad agent," to which Sergey Stepashin curtly replied: "We will meet in court."

Despite Ivan Rybkin's firm admonitions, Vladimir Zhirinovskiy refused to calm down and continued shouting with the result that the State Duma chairman was obliged to put to a vote the matter of depriving the LDPR faction chairman of the right to speak for three plenary sessions. This proposal was not, however, passed.

Duma Adopts Counterintelligence Draft in First Reading

LD1811204294 Moscow ITAR-TASS in English 1802 GMT 18 Nov 94

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow November 18 TASS—The Russian State Duma approved in the first reading today a draft law "On Federal Counter-Intelligence Bodies of the Russian Federation." The draft was submitted to the Duma by President Boris Yeltsin.

Representing the draft to the deputies, Director of the Federal Counter-Intelligence Service Sergey Stepashin said that this document "is exclusively important for every Russian citizen, society and the state". It will help prevent the activities of foreign secret services on russian territory and protect the constitutional system from encroachments.

In the words of Stepashin, the draft norms guarantee that counter-intelligence will be done in strict correspondence to the Russian laws. "Not a single norm should have an expanded or ambiguous interpretation," he added.

In the words of Stepashin, the Federal Counter-Intelligence Service should not be limited to counter-intelligence only, and this should be included in the law. It is necessary to have a legal basis for efficient measures against terrorism, corruption and other grave crimes, he said.

Resolution on Fight Against Crime Fails To Pass

LD1811211594 Moscow INTERFAX in English 1957 GMT 18 Nov 94

[FBIS Transcribed Text] The Russian State Duma failed to make a specific decision on urgent measures to harsher tackle crime and ensure people's safety at its session Friday [18 November].

A draft resolution proposed by the conciliatory commission canvassed only 164 votes for and 1 against given the required minimum of 225 votes.

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The draft resolution provided for recognizing the activities of state bodies in tackling crime and ensuring people's safety as extremely unsatisfactory. The State Duma Council was proposed to assign top priority to laws intended to increase the efficiency of the law-enforcement bodies, counterintelligence, taxation police, prosecutor's offices, justice and court.

The document proposed President Yeltsin consider choosing a deputy prime minister to be responsible for coordination of the activities of state bodies while combatting crime. The conciliatory commission also asked the president to sooner name another candidate for Russia's prosecutor general and proposed the State Duma vote on the Interior Ministry leadership's aptitude.

State Duma Speaker Ivan Rybkin proposed the conciliatory commission continue work on the draft resolution. The issue is likely to be raised at the next plenary session of the State Duma next Wednesday.

Government's 'Unrealistic' Economic Forecasts Blasted

LD1811164194 Moscow INTERFAX in English 1446 GMT 18 Nov 94

[FBIS Transcribed Text] Several State Duma committees view the government's forecast for Russian social and economic development as basically unrealistic. Duma hearings on next year's draft federal budget were held Thursday.

Lawmakers believe the country's gross domestic product is likely to differ from government estimates by up to 50 percent. They view the government's prediction for '95 inflation as equally preposterous.

Committee experts want the federal government to explain why the budget revenues are likely to rise 2 percent from 1994. They criticize the government for failure to come up with a strategy for amending the state tax legislation and have proposed their own effective method to collect more taxes.

Addressing foreign trade assets and liabilities, the lawmakers criticized the government for assuming the U.S. dollar would trade at 3200 Russian rubles in 1994. The true economic situation is sure to fly in the face of this assumption, lawmakers said.

In these MPs' view, the draft federal budget does not allow for necessary government investment in the economy and calls for excessive spending on state power structures. It makes no attempt to reduce spending for federal government, they pointed out.

Due to the draft budget being presented much later than scheduled, the parliament will consider it for two and a half, instead of four and a half, months, the lawmakers said.

Regional Affairs

Chechen Opposition Tanks Break Into Urus-Martan Region

LD1811164594 Moscow INTERFAX in English 1446 GMT 18 Nov 94

[FBIS Transcribed Text] In Chechnya a column of tanks belonging to opposition forces on Friday [18 November] broke into the Urus-Martan Region where part of the population supports the opposition Interim Council led by Umar Avturkhanov, chief of staff of the Chechen armed forces Aslan Maskhadov said.

In an interview with Interfax, Maskhadov said that the column of eight tanks, which had set out from the opposition stronghold of Znamenskoe, Nadterechnyy Region, was blocked by pro-government volunteer units outside Alkhan-Kala Village, 25 kilometers southwest of the capital Groznyy. After a brief battle, the tanks broke through government defenses into the Urus-Martan Region, he said.

"We are convinced that the tanks are manned by Russian crews," Maskhadov maintains. "There is a problem of undermanning even in the government Army, while opposition statements about mythical helicopters and tanks manned by Chechen crews are laughable," he said.

The tanks breaking into Urus-Martan on Friday are those which passed from Mozdok, North Ossetia, through rebel-controlled territory the day before.

Maskhadov said that the government army's chief of staff had evidence that 80 more tanks had been unloaded at the railway station in Mozdok before departing for Chechnya. Most of these are T-72's, far superior to the T-62's sent before, he said.

"The latest escalation in Chechnya is aimed at sparking off a civil war in the Republic," Maskhadov said.

Chechen Government Troops Retreat From Bratskoye

LD2011151794 Moscow INTERFAX in English 1415 GMT 20 Nov 94

[FBIS Transcribed Text] Chechnya's government troops early on Sunday [20 November] morning left the village of Bratskoye, the breakaway Russian province's general staff in Groznyy said.

A general staff report said the village, situated near the Russian border, was attacked by "Russian regular army units," who "used heavy tanks, artillery and aircraft." Russian troops, supported by about thirty T-32 tanks, five operational aircraft and two Su-27 ground attack planes had been storming the village for four days, the staff said. It said Bratskoye had also been shelled by long-range guns from the neighboring autonomous Russian region of North Ossetia.

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"The clashes led to numerous casualties among the civilian population. More than 350 refugees arrived in Groznyy (the Chechen capital) on Saturday," the report said.

"The situation in the village of Bratskoye is under the control of Russian regular units, and negotiations are underway to hand over the village to the so-called Provisional Council (a Chechen opposition body)."

Chechnya's general staff, Interior Ministry and National Security Department, in an official statement, said the Bratskoye operation had been led by Major-General Aleksandr Kotenkov, a senior official at the Russian Ministry of Nationalities and Regional Policy.

"The Russian leadership, namely the highest political officials of Russia, will personally be held responsible for the crime against the Chechen people," the secessionist regime threatened.

On Saturday the Chechen government declared that Russia had begun an armed aggression against Chechnya.

Moscow, however, has consistently denied its armed involvement in the separatist region, maintaining that the current fight against President Dzhokhar Dudayev's regime is being waged by the local opposition led by the Provisional Council.

A source in Groznyy said the situation in the Chechen capital remained stable.

The source told Interfax that Chechnya's government, parliament, elders' council and district governors and leaders of local political organizations were due to hold a meeting in Groznyy on Sunday afternoon to discuss the "Russian occupation" of Bratskoye.

Dudayev: Chechnya Strong Enough To Defend Itself

LD1811164394 Moscow INTERFAX in English 1446 GMT 18 Nov 94

[FBIS Transcribed Text] Chechen President Dzhokhar Dudayev stated that "the Chechen people are strong enough to defend their dignity, which the Russian leadership will see soon."

He told Chechen TV on Friday [18 November] that there can be no talk about any inner Chechen conflict. "It's a Russian-Chechen conflict and it is becoming increasingly clear where the real threat is coming from," he said.

"The Chechen people are well aware that Russia is cunningly and treacherously implementing the plan of aggression and repeat occupation of Chechnya," he said.

In his opinion, all organizers of provocations will be eventually swept from the political scene and tried."

According to INTERFAX sources, on Friday afternoon the Chechen Defense Council and Cabinet of Ministers are to gather in Groznyy for an enlarged session to discuss the situation in Chechnya.

Government Forces Suffer Losses in 3 Clashes

LD1811172994 Moscow ITAR-TASS World Service in Russian 1623 GMT 18 Nov 94

[By ITAR-TASS correspondent Andrey Palariya]

[FBIS Translated Text] Moscow, 18 November—As a result of two hours of fighting, the forces of the interim council this afternoon defeated a unit of Chechen government troops near the settlement of Bratsk in Nadterechnyy rayon. The press secretary of the interim council, Ruslan Martagov, told ITAR-TASS about this, adding that the opposition had suffered no losses.

This is already the third armed clash today between opposition forces and units loyal to Dzhokhar Dudayev.

The first fight took place this morning near the village of Dolinskiy, 15 km from Groznyy, when an armor column of the interim council smashed a defensive position of the government troops on its way from the village of Znamenskoye to the settlement of Urus-Martan.

The second fight occurred near the village of Alkhan-Yurt in the outskirts of Urus-Martan. According to the opposition, an ambush of Dudayev's formations was defeated and two tanks and two APCs were seized in the fight.

Groznyy Claims Civilians Being Killed in Chechnya

LD1911184394 Moscow INTERFAX in English 1720 GMT 19 Nov 94

[FBIS Transcribed Text] The Chechen government has urged the "world community and the democratic public in Russia to stop mass killings of civilians in Chechnya." This appeal was issued on Saturday by an emergency session of Chechnya's Security Council, which convened to discuss "the beginning of military actions against Russian regular Army units by Chechnya's armed forces."

As INTERFAX's correspondent learned from the office of President Jokhar Dudayev, the village of Bratskoye (INTERFAX note: Its population is loyal to Dudayev) on Russia's border "is surrounded by Russian troops."

"Long-range artillery and tank guns opened fire on the village," our correspondent was told. "There are numerous civilian casualties."

As INTERFAX learned from the prefect of Nadterechnyy District Ibrahim Abdulkhalidov, helicopters, assault planes and fighter planes of the SU-25 and SU-27 types are bombing the village.

Official Groznyy maintains that the combat operation launched by Russian troops against Chechnya is directed

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by Major-General Aleksandr Kotenkov—a senior member of the Ministry for Nationalities and Regional Policy.

Dudayev Blames Russia for 'Mass Murder' of Civilians

LD2011152694 Moscow INTERFAX in English 1415 GMT 20 Nov 94

[FBIS Transcribed Text] Chechen President Dzhokhar Dudayev said in an exclusive interview with Interfax on Saturday [19 November] that the Chechen economy would be functioning in the regime of war-time.

Dudayev explained such a decision by saying that Russia "unleashed the second undeclared Russian-Caucasian war against Chechnya on Saturday."

He blamed the Russian leaders for "mass murders of the civilian population in Chechnya." He said people were being shot from machine-guns and anti-tank launchers in the Bratskoye Village, on the border with Russia.

Groznyy said that shooting in the village had begun on Saturday in the afternoon and was still continuing.

Dudayev said statements of the Russian Defense Ministry denying the participation of Russian servicemen in the events in Chechnya were "rough lies."

In the interim, the Chechen Security Council met on Saturday and decided to create a state council for defense of Chechnya and "suspend some provisions of the Constitution of the Republic." The Security Council adopted a resolution transferring all power in Chechnya to the State Defense Council until the Russian aggression was repulsed. The resolution said that the "aggression against Chechnya began without declaring the war officially."

The State Defense Council also said that "the mass offensive by the Russian regular troops on the Bratskoye Village proved the beginning of the second Russian-Caucasian war."

Chechnya Warns Russia Against 'Another Afghanistan'

LD2111122194 Moscow INTERFAX in English 1114 GMT 21 Nov 94

[FBIS Transcribed Text] "If Moscow does not agree to talks with the Chechen leadership within a month, it will get another Afghanistan in its territory," Chechen Foreign Minister Shamseddin Yusef told Interfax Monday.

He said the leaders of several Islamic countries are adamant on sending Mojaheddins to Groznyy to fight against Russian troops.

"Last week I returned from Pakistan where I had a series of meetings with Islamic leaders and I managed to persuade them not to hurry in sending Muslim volunteers to Chechnya," Yusef said.

At the same time he voiced doubts that he would manage to do the same now that we are talking about "an open Russian aggression against Chechnya."

In the minister's opinion, if Mojaheddins from Islamic states start arriving in Chechnya, the process will be impossible to either stop or control. They will come with their own weapons and soon form a strong force capable of destabilizing the situation throughout Russia, he said.

Still, Yusef said Groznyy does not refuse to negotiate with Russia at any time or any level. "But with every day the likelihood of breaking the stalemate in Russian-Chechen relations gets worse," the minister said.

Chechnya's Dudayev Advised To Form Islamic Battalions

LD2111121594 Moscow INTERFAX in English 1114 GMT 21 Nov 94

[FBIS Transcribed Text] Chechen President Dzhokhar Dudayev has been advised to set up a State Defense Committee and to start forming Islamic battalions "to rebuff the Russian aggression". The proposal was made in a resolution of a joint session of the government, parliament, the Council of Elders and the heads of regional administrations that ended in Groznyy Sunday night.

The assembly decided to become a permanently functioning body, a Congress, "until the part of the Nadterechnyy Region occupied by Russia is liberated." The headquarters of the opposition Provisional Council, led by Umar Avturkhanov, are located in the region.

The Congress' resolution stresses the need to suspend individual articles of the Chechen Constitution due to war.

Participants in the conference called Russia an aggressor and insisted on the extradition of "the criminals who organized the aggression." The list of persons to be extradited includes, in addition to opposition leaders, Russian Vice Premier Sergey Shakhray, Russian Deputy Minister for Nationalities' Affairs and Regional Policy Aleksandr Kotenkov (Groznyy claims that he directly commanded the Russian troops which attacked the village of Bratskoye) and Doka Zavgayev, who used to head the Supreme Soviet of the Chechen-Ingush Autonomous Republic (Groznyy considers him the shadow opposition leader).

The Congress passed a decision to rebuff the Russian aggression by any means and to free Chechen territories occupied by Russian troops.

According to Interfax correspondents, a decree of President Dudayev was announced at the conference renaming the village of Bratskoye (its Chechen name is Lomaz-Yurt) into Turpal-Yurt (village of heroes in Chechen).

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Members of the Committee of Relatives of Killed Fighters for Chechen Independence reserved the right to take revenge for the death of innocent people on the organizers of the aggression.

Dudayev is expected to sign decrees on the State Defense Committee and the suspension of certain articles of the Constitution on Monday.

Opposition Units Conduct Field Firing Exercise

LD2111112994 Moscow ITAR-TASS in English 1102 GMT 21 Nov 94

[By ITAR-TASS correspondent Andrey Palaria]

[FBIS Transcribed Text] Moscow 21 Nov (TASS)—The situation in Chechnya where armed clashes took place between subunits of the Provisional Council (opposed to President Dzhokhar Dudayev) and government troops last Friday [18 November], is calm and fully controlled by the opposition, ITAR-TASS learnt from Provisional Council press secretary Ruslan Martagov.

According to the press secretary, opposition troops are engaged in field firing and are conducting adjustment fire with weapons seized from government forces after a battle near the village of Bratskoye, Nadterechnyy district, on 18 November.

After combing terrain near the above village, the press secretary said, opposition troops seized two antiaircraft self-propelled launchers, eight personnel armoured carriers, two heavy artillery pieces, two antiaircraft guns, three staff vehicles, several trucks and a great quantity of ammunition.

Martagov also said that a rally was held in Bratskoye on Sunday [20 November] with the participation of Provisional Council representatives. The rally was told that, from now on, Russian laws are in force in all Chechen districts which are under control of the opposition.

Calling on the Chechen population to keep calm, opposition leaders noted that they will do their utmost to protect Chechen people's lives and peaceful labour.

Provisional Council representatives called as groundless allegations by the Groznyy authorities that the battle near Bratskoye brought about numerous casualties and much destruction.

They aired a video clip over a TV channel controlled by Ruslan Khasbulatov's peace-making group, showing true events in that village.

Groznyy 21 Nov—[By ITAR-TASS correspondent Sharip Asuyev]—The anti-Russian hysteria is gaining in strength in the Chechen capital Groznyy. It received a new impetus from a rally of Dudayev's supporters which ended last night.

Speakers, including President Dudayev, alleged that the events of the last few days in the republic are nothing but overt military aggression from Russia. They based their allegations on the new clash between Dudayev and opposition forces near the village of Bratskoye.

However, the Groznyy authorities have no communications with the Nadterechnyy district, and, therefore, spread rumours instead of true facts.

Parliamentary Hearings Called 'Step Forward'

LD2011174894 Moscow ITAR-TASS in English 1702 GMT 20 Nov 94

[By ITAR-TASS correspondent Valeriy Shanayev]

[FBIS Transcribed Text] Vladikavkaz November 20 TASS—"Closed parliamentary hearings on the situation in the zone of the Ossetian- Ingush conflict held by the Russian Federation Council is another step forward on an uneasy way towards North-Ossetian-Ingush settlement," said North Ossetian President and deputy of the Russian Federation Council, Akhsarbek Galazov, in an interview with ITAR- TASS at a local airport today.

Galazov pointed out that despite different opinions expressed on this problem, everyone agreed that peace and accord might be reached only by means of talks between the two sides.

Galazov said that Ossetian leaders were doing everything possible to implement Russian president's decrees and resolutions of the Russian Government to ensure the return of refugees to four settlements of the Prigorodnyy region, step up repair and restoration work and reach reconciliation in the area of the conflict.

Galazov said that the situation in the area of the Ingush-Ossetian conflict was rather stable. Units of the Russian Army assisted by local law enforcement bodies continue to maintain a state of emergency which will be in effect until 2 December. According to Galazov, the process of the return of refugees to the four settlements of the Prigorodnyy region has been resumed.

On Sunday, representatives of the Andrey Sakharov Foundation and an international research institute of global problems, Doctor Dam Smith and Professor Andrew Blein, arrived in the zone of a state of emergency. They are expected to meet the North Ossetian and Ingush presidents and visit settlements of the Prigorodnyy region.

Explosion Damages Yekaterinburg Court Building

LD2111112494 Moscow Radio Rossii Network in Russian 1000 GMT 21 Nov 94

[FBIS Translated Text] Our correspondent in Yekaterinburg reports that there was an explosion in the building of the people's court of the city's Zheleznodorozhnyy rayon this morning before the start of a court session. The wall between the session hall and the judge's chamber was destroyed. There are no casualties. An investigation is under way.

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Moscow Fuel Crisis 'Virtually Over'

LD2011011294 Moscow 2x2 Television in Russian 2151 GMT 19 Nov 94

[FBIS Translated Text] The petrol crisis in Moscow is virtually over, according to Yuriy Fomin, Russia's deputy minister of fuel and power engineering. In his words, a 1.5 days' reserve of petrol has been accumulated in the city's fuel tanks. Despite this, there still were queues at many state-owned petrol stations on Saturday [19 November] and the price of octane-93 petrol at the private stations was between 800 and 1,000 rubles per liter.

Decontamination of Soil Near Usinsk Continues

LD2111092894 Moscow ITAR-TASS in English 0847 GMT 21 Nov 94

[By ITAR-TASS correspondent Viktor Makarov]

[FBIS Transcribed Text] Usinsk (Komi Republic) November 21 TASS—Some 10,000 tonnes of masout-saturated soil, together with ice and snow, were carted away from the place of the spill on the oil pipeline near Usinsk, including 6,000 tonnes over the past week.

According to a report from the republican civil defence and emergencies service, more than 8 km of banks of the Kolva river and riverlets were decontaminated.

Work involving about 70 people, ten units of machinery as well as motor vehicles goes round-the-clock. Additional manpower and machinery are being dispatched to the area of spillage from other branches of the Komineft Joint Stock Society which owns the pipeline.

Polluted soil, ice and snow are brought to special storages. Dykes are being built to localise securely spilled oil products.

The republican commission for emergencies passed a decision that a comprehensive plan should be drafted by 1 December to do away with consequences of the oil spill near Usinsk, taking into account that all decontamination work must be completed by 1 April 1995.

A spokesman of the civil defence service noted with regret that construction of a new pipeline instead of the old one proceeds very slowly. The Komineft Society built slightly over half of the necessary 52 km.

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International Affairs

Kuchma Departs on U.S. Visit

LD1911150494 Moscow INTERFAX in English 1344 GMT 19 Nov 94

[FBIS Transcribed Text] Ukrainian President Leonid Kuchma left on an official visit to the U.S. Saturday.

"The visit to the U.S. on a state level confirms that Ukraine has a possibility to "rise from its knees" and take a place it must occupy in the world," he told journalists in the airport before his departure. "Let us God use this chance," he added.

Asked about economic agreements Ukraine hopes to sign during the visit, Kuchma proposed journalists ask him about it after he returned back home. "Then we will talk about U.S.-Ukrainian cooperation and partnership," he concluded.

Briefs Journalists in New York

LD2011093594 Moscow ITAR-TASS World Service in Russian 2351 GMT 19 Nov 94

[By ITAR-TASS correspondent Anatoliy Lazarev]

[FBIS Translated Excerpt] New York, 20 Nov—Ukrainian President Leonid Kuchma arrived in New York on Saturday where, among other things, he plans to address the session of the UN General Assembly and meet representatives of U.S. business circles.

"For the first time in Ukrainian-U.S. relations, the Ukrainian president arrives in the USA on an official visit," Kuchma said in a brief statement for the press read out at the John F. Kennedy international airport. "The main aims of the visit are to analyze the state of relations between our countries, to consolidate the process of their ongoing development, to sign a number of important bilateral agreements, and outline priority tasks for the near future. On the whole, however, we would like to start a qualitatively new period in Ukrainian-U.S. relations." The Ukrainian president expressed the hope that his talks with U.S. President Bill Clinton "will be fruitful and constructive, and will give a new impetus to the development of bilateral relations."

"Russia plays such an important role in the world that not a single meeting of state leaders goes without discussing issues relating to it. Especially in this particular case, bearing in mind the great importance of Ukrainian-Russian relations," Kuchma said, replying to a question from an ITAR-TASS correspondent whether the subjects connected with the relations between Kiev and Moscow would be touched upon at the Ukrainian-U.S. summit. [passage omitted]

During the Ukrainian president's visit it is expected that the "Charter on Partnership, Friendship, and Cooperation," a joint Ukrainian-U.S. statement, an agreement on cooperation in space, and a joint statement on deepening cooperation in the fight against crime will be signed. It is also expected that an agreement on providing financial aid to Ukraine, a memorandum on cooperation between the U.S. Department of Commerce and the Ukrainian Ministry of Foreign Economic Relations, and others—in total about 20 documents—will be signed.

Ukrainian Leadership Looks To 'New Chapter'

LD1911151494 Moscow INTERFAX in English 1344 GMT 19 Nov 94

[FBIS Transcribed Text] The Ukrainian leadership expects that President Kuchma's visit to the USA will open a new chapter in relations between the two countries, the chief of the presidential staff Dmitriy Tabachnik said in an exclusive interview with Interfax-Ukraine. Leonid Kuchma begins his visit on Saturday and ends on Wednesday.

Tabachnik said: "with the beginning of radical economic reforms and Ukraine's joining the Nuclear Nonproliferation Treaty we expect the West to pursue a new policy toward our country." Kiev expects that the USA will step up its economic and trade ties, recognize Ukraine as a country with transitional economy, strengthen technical aid to reforms, heighten political support for Ukraine's endeavors to join the General Agreement on Tariffs and Trade, and lift restrictions on the access of Ukrainian goods to the American market. Tabachnik described such sectors of Ukraine's economy, as machinebuilding, the consumer goods industry, medicines production and the fuel-and-energy complex as essential in cooperation with the USA.

An agreement on cooperation in the peaceful development of outer space is expected to be signed during President Kuchma's visit, he said. According to Tabachnik, "in this area access to the market of space launches is the most important for Ukraine." Ukraine could offer to the USA its cooperation in remote sounding of the earth, in space welding and in space communications, Tabachnik said.

Turkmeni Gas Deliveries Fall Behind Schedule

LD1811205794 Kiev UNIAN in Ukrainian 1900 GMT 18 Nov 94

[FBIS Translated Text] Kiev [no dateline as received]—Starting from 10 November, Turkmenistan halted the supply of natural gas to Ukraine, and as at 18 November natural gas deliveries to the latter country fell short by over 500 million cubic meters, Derzhkomnaftohaz [State Oil and Gas Committee] has informed UNIAN, adding that some equipment had to be replaced at the gas pumping station. As a result, gas deliveries had to stop for a few days.

According to another source, the reason for the halt in gas deliveries was a leak in the gas pipeline on the border with Russia.

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UNIAN has learned that Russia's Gazprom joint-stock company in the past week supplied Ukraine with 125.7 million cubic meters of gas more than planned.

Well-informed sources believe Gazprom is unwilling to allow access to the European gas market by Turkmenistan, Kazakhstan, and Uzbekistan, whose gas pipelines run through the territory of Russia and Ukraine.

China Changes Stance on Security Gurantees

LD1811195794 Moscow INTERFAX in English 1652 GMT 18 Nov 94

[FBIS Transcribed Text] China's previously neutral stand as to granting Ukraine security guarantees has changed and now it may do to along with other nuclear states, the chairman of the Ukrainian parliamentary Commission for Defense and National Security, Vladimir Mukhin, told Interfax-Ukraine.

Mukhin recalled of the fact that the Ukrainian Foreign Ministry had received China's official refusal to grant the republic any guarantees last year.

Mukhin said he had recently met the first secretary of the Chinese embassy in Ukraine who "wondered about which countries provided security guarantees to Ukraine, time of signing relevant documents and China's role in this process."

Mukhin said that China, third nuclear state after Ukraine's disarmament, was selecting possible variants of the final decision.

Germans, Ukrainians Sign Defense Protocol

WS2111114494 Kiev INTELNEWS in English 1407 GMT 19 Nov 94

[FBIS Transcribed Text] Kiev, Nov 18—A protocol on cooperation between the Ukrainian and German Defense Ministries was signed Friday in Kiev at the end of a three-day visit by Bundeswehr Inspector General Klaus Naumann.

Under the two-year program, the German and Ukrainian armed forces will conduct joint educational and military exercises. "We are interested in the German army's experience and adopting the best points for the Ukrainian army's use," said Ukrainian Deputy Defense Minister Anatoliy Lopata, who was invited to visit Germany next year.

Naumann stressed the importance of strengthening ties between the two nations and that joint military exercises are exclusively for peace-keeping goals.

German delegation members also toured new military settlements built to house Ukrainian members of the former Soviet troops returning from East Germany. The settlements were constructed under a 1990 Soviet-German treaty that bound the Soviet side to withdraw its army from German territory. Russian troops, who took over the former Soviet posts following the breakup of the USSR, made their final withdrawal from Germany earlier this year, shortly before the remaining Western troops also closed their German bases.

Admiral Discusses Naval Agreements

LD1811134294 Kiev UNIAN in Ukrainian 1240 GMT 18 Nov 94

[FBIS Translated Text] Odessa Oblast—On 17 November, Bundeswehr Inspector General Klaus Naumann was acquainted with the condition of the storage of strategic missiles near Pervomaysk. He told journalists: "I saw that the proper conditions for responsible service by the men of the missile units deployed there have been created." The condition of the nuclear armament's upkeep, in Naumann's view, gives no rise for concern.

Asked by journalists about the aim of his visit to Odessa, he said his tour was of an introductory nature, adding he sought "to extend cooperation between the Armies and Navies of Ukraine and the Federal Republic of Germany." Some of the first steps in that direction, in Naumann's words, have already been taken in that a group of Ukrainian officers are undergoing training at Germany's general staff academy. "Virtual agreement has been reached with Ukrainian Navy Commander Vice Admiral Volodymyr Bezkorovaynyy about joint naval exercises in the Mediterranean and possible joint shipbuilding projects."

Naumann left for Kiev on the same day.

Kiev, India Sign Space Cooperation Accord

BK1811161594 Delhi All India Radio Network in English 1230 GMT 18 Nov 94

[FBIS Transcribed Text] India has signed an agreement with Ukraine for cooperation in space research. The agreement was signed by the chairman of the Indian Space Research Organization, ISRO, Dr. K. Kasturirangan, during his recent visit to the Ukrainian capital, Kiev. The acting director general of the Ukrainian National Space Agency, Dr. (Andrey Zhalkov Terenkov), signed the agreement on behalf of Ukraine. The agreement provides for cooperation in fields like remote sensing, communications, material processing in space, and mutual use of ground facilities. It also aims at conducting joint research mission by sending scientific payloads.

National Affairs

Kuchma Seeks To Improve Agriculture Sector

LD1811225194 Kiev UNIAR in Ukrainian 2150 GMT 18 Nov 94

[FBIS Translated Text] Kiev, 18 Nov—The sector must be radically reformed—this was the main thesis during President Leonid Kuchma's meeting with members of

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the Presidium of Ukraine's Council of Collective Agricultural Enterprises. The meeting discussed the need to improve the tax system and the state's relationship with agricultural producers.

The Ukrainian president spoke strongly for setting up an effective legislative framework in the sphere of taxation and wages, proposing a broad-based conference to discuss the course of reform in the agrarian sphere.

Leonid Kuchma said: "I must stress with particular concern that we have not managed to build an economic foundation of Ukraine's independence and prevent the country's de-industrialization. The countryside remains one of the key forces securing our economic sovereignty. Your tolerance and natural self-awareness is the last guarantee that keeps society from exploding and gives the countryside its significance of a key stabilizing factor.

"However, we cannot ignore the fact that the agrarian sector remains the most conservative one in our economy. It requires radical change and an in-depth reform. A number of economists blame the countryside for provoking emission loans, absorbing finance, and destabilizing prices. Unfortunately, there are grounds for this view, however, this is not the fault of the countryside, but that of the existing general economic system... [punctuation as received] At least twice a year we are forced to grant the countryside large-scale emission loans that undermine prices, cause a landslide fall in the karbovanets rate, and set off a new wave of hyperinflation. That is why the president's first decree aimed at a genuine revival of the economy was on acceleration of the land reform. During the implementation of the land reform, the president and the government will abide by two principles: The land must belong to those who work it; and the state must support agricultural production at the present stage. But the state is unable to support bankrupt farms. The state will encourage, first of all, those who are capable of ensuring effective use of state aid. This also concerns the extremely difficult problem of price parity. My stance is clear: Only the market, together with relevant economic regulators, can establish this parity.

"We have worked out an inflation-free mechanism of compensating people for lost savings. The recent developments have raised the issue of constructing a vertical executive structure. Some oblast leaders are suspending the force of national laws and withdrawing their contributions to the state budget. If such decisions are not revoked, these leaders will be dismissed, and the local state and self-government bodies will be disbanded.

"Work has been completed on the draft constitutional law on power which proposes a resolute in-depth power reform.

"The country must maintain social peace. I appeal, first of all, to the miners to refrain from extreme forms of protest such as strikes. I also appeal to trade unions, workers committees, political forces that put forward slogans of social protection, and forces of democratic orientation.

"We must also understand very well that the building of a new state depends to a large extent on a favorable foreign environment. We have achieved positive results in our foreign policy. I am talking about a clear trend toward closer positions with, above all, Russia. Fruitful relations are being developed with Kazakhstan, Turkmenistan, and Uzbekistan, as well as other CIS countries. We are also receiving help from international financial organizations, and it is time to stop speculating over this issue.

"I would like to extend my appreciation to Supreme Council deputies who approved by a constitutional majority an important document on Ukraine's accession to the Nuclear Nonproliferation Treaty. This creates new favorable conditions for the strengthening of our position in the world community."

Leonid Kuchma said that a conference will be held in mid-December to discuss the entire range of issues concerning the development of agriculture and further moves to speed up the agrarian reform.

On Market Economy, Collective Farms

WS2111113994 Kiev INTELNEWS in English 1407 GMT 19 Nov 94

[FBIS Transcribed Text] Kiev, Nov 18—President Leonid Kuchma reconfirmed his pledge Friday [18 November] to overcome all obstacles and push Ukraine towards a market economy. "Reforms have been launched because Ukraine has no alternative—or rather, the alternative would be economic collapse and social unrest," said Kuchma, speaking at Agrarian Day ceremonies in Kiev. Kuchma presented awards of excellence to 60 leading farmers from state and collective farms, yet pointedly said the country no longer needs collective farms. "Moreover, I will not allow it," he added.

Bank Official Favors Foreign Currency Ban

LD1811214694 Kiev Radio Ukraine World Service in Ukrainian 2000 GMT 18 Nov 94

[FBIS Translated Text] Russian media reports that foreign currencies would be banned from circulation in Ukraine as of 18 November were produced, if not deliberately, with the direct involvement of those who stand to gain from engineering a decline of the karbovanets exchange rate at the Moscow Interbank Currency Exchange [MICEX], Deputy Chairman of the Board of Ukraine's National Bank Oleksandr Kyreyev told a news conference in Kiev on Friday [18 November].

He stressed that the ban on foreign currency circulation as of 18 February 1995 would do nothing but good to Ukraine. "This ban," Kyreyev said, "is just one step in the process of radical reform in Ukraine started by President Leonid Kuchma.

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"The karbovanets must regain the trust of the people and the ability to perform one of the key functions of money as a means of capital accumulation," he emphasized. "The flight from the karbovanets and the desire to keep one's capital savings in dollars undermines the economy and results in indirect investment into foreign economies at Ukraine's expense."

Moroz on Price Policy, Interim Constitution

LD1811214594 Kiev UNIAN in Ukrainian 1900 GMT 18 Nov 94

[FBIS Translated Excerpt] Kiev [no dateline as received]—"The resolution on the price policy during the economic reform that has been approved by the Supreme Council will become a positive landmark in the life of Ukraine, bringing the legislative and executive powers closer together," said Ukraine's Supreme Council Chairman Oleksandr Moroz at a meeting with journalists today. He said that the implementation of this resolution will be overseen by relevant parliamentary commissions, stressing that "it is not about confrontation between the two power structures, on the contrary, it is about their cooperation". [passage omitted]

Asked by UNIAN about his attitude to the draft law "On Power" being prepared by the presidential team for the Supreme Council's consideration, Moroz said: "We need to see this draft. If it is envisaged as an alternative to the current Constitution, I will not accept it. This kind of law would have been useful three years ago, but now that we are planning to adopt the Constitution next year it makes no sense, since adoption of this law could bring about a legal vacuum. I believe that many issues concerning state administration can be resolved in the law "On Local Councils of People's Deputies" to be discussed in parliament on 29 November.

Kiev, Tashkent Sign Agreement on Crimean Tatars

MK1911104094 Moscow SEGODNYA in Russian 19 Nov 94 p 5

[Report by Oleg Frolov under the "Repatriation" rubric: "Crimean Tatars Want To Restore Their Statehood. Russia Will Give Material Assistance to Their Return to Historical Home"]

[FBIS Translated Text] An international conference on the repatriation of Crimean Tatars was held in Kiev 16 November. Taking part in its work were delegates from the United States, France, Italy, Canada, Finland, the Netherlands, Belgium, Ukraine, and Russia; and Mustafa Dzhemilev and Ilmi Emirov, representatives of the Crimean Tatars' Assembly.

It was announced at the conference that Ukraine and Uzbekistan have signed a treaty on resettling Crimean Tatars from Uzbekistan to Crimea, thus clearing all obstacles for this. Crimean Tatar leader Mustafa Dzhemilev insisted on speeding up the process of his compatriots' return to their land, underlining that "it is necessary to restore the statehood of the Crimean Tatar people punished by Russia."

The conference was addressed by Leonid Smolyakov, Russian Federation ambassador to Ukraine, who pointed out that Russia is giving moral and political support to the deported Crimean Tatar people. He also advised that, as of next year, Russia will be giving material assistance to the Crimean Tatars' return to their historical homeland.

Should the resettlement program be implemented in full, 1.7 million Crimean Tatars are expected to come to the peninsula.

Crimean Officials on Kiev Law Rescission Vote

MK1911120094 Moscow SEGODNYA in Russian 19 Nov 94 p 5

[Report by Viktor Yadukha under the "Standoff" rubric: "Crimea Hopes for Russian Federation State Duma and 'Normal Heads' in Kiev Parliament"]

[FBIS Translated Excerpt] [Passage omitted] During an improvised press conference yesterday, Viktor Mezhak, Crimean Supreme Soviet deputy chairman, said that State Duma deputies and political scientists in Moscow "are indignant at Ukraine's attitude toward Crimea" and that "the Russian leadership's patience seems to be exhausted." Supreme Soviet presidium member Sergey Nikulin does not doubt that Russia's neutral position on the Crimea issue will yield ground to a number of sharp statements. The other deputy speaker, Aleksandr Melnikov, stated: Should Ukraine fail to grant Crimea "the rights of a special region," the Supreme Soviet of the autonomous entity may take radical steps and solve this issue "through a free expression of the citizens' will." Aleksandr Melnikov dismissed the Ukrainian parliamentarians' rescission of Crimea's 40 legislative acts as hasty, and as being made without analyzing the possible repercussions. "We will not accept the abolition of all our economic plans developed over the two-year period," he said.

Many Crimean Supreme Soviet deputies are ready to retaliate by lifting the moratorium on a referendum on their autonomous entity's independence. Observers, however, believe things will hardly come to that: On the threshold of a difficult winter, with their economy fully dependent on Kiev, the Crimean leaders would most likely try to secure Moscow's support and to continue haggling with Ukraine—either in the shape of a treaty, or through delimiting powers. The same Mr. Melnikov stressed: "Our reaction will be legal and legitimate." Mr. Nikulin echoes him: "The Republic of Crimea's statehood is not to be doubted. Treaty-based relations are inevitable." Deputy Speaker Viktor Mezhak, for his part, voiced confidence that the Russian Federation State Duma will not ratify the wide-scale treaty between Russia and Ukraine unless Kiev stop its offensive on Crimea.

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Talking to your SEGODNYA correspondent, Khristofor Lotoshnikov, deputy head of the Crimean Supreme Soviet secretariat, pointed out that although Crimea is cornered, Ukraine has no legal basis for dissolving the Crimean parliament. "It is possible under Ukrainian legislation to dissolve the Supreme Soviet of Crimea in two instances only: if the Crimean parliament passes a decision on withdrawing from Ukraine, and in the event of mass disturbances and armed clashes on the territory of the autonomous entity. Nothing like this is happening in Crimea." Khristofor Lotoshnikov expressed the hope that in the Supreme Soviet of Ukraine there are "many normal heads who could make carefully thought-out decisions," and that "they are yet to have their say."

Deputies on Decision

LD1811200394 Moscow INTERFAX in English 1652 GMT 18 Nov 94

[FBIS Transcribed Text] Deputy Chairman of the Crimean parliament Oleksey Melnikov said he believed that the Ukrainian parliament had been guided by emotions when making its decision on Crimea.

Melnikov told a briefing in Simferopol today that the Ukrainian parliament's provisional commission failed to analyze the situation in Crimea properly and take into consideration possible aftermath of such a decision.

On November 17 the Ukrainian parliament cancelled about 40 legislative acts of Crimea as contradicting Ukrainian legislation.

Melnikov said that all economic resolutions of the Crimean parliament had been "swept aside" adding that Crimean parliamentarians could not agree with this.

He said if Ukraine did not grant to Crimea the status of a special region "we will have nothing to do but to let people express their point of view on the issue."

Melnikov said that, however, he considered it unreasonable to hold a referendum on the status of Crimea at the present moment given the serious economic situation in Crimea.

Leader of the Russia faction in the Crimean parliament Sergey Nikulin said at the same briefing that the process of bringing Crimean legislation in line with the Ukrainian one had been completed by the present moment.

"We are embarking on a higher level of relations with Ukraine as the Crimean statehood cannot be doubted any longer," he added.

Nikulin said he believed that Ukraine and Crimea must base their relations on treaties and agreements. He added that Russia could no longer remain neutral on the Crimean issue.

He said he had no doubt that Russia would make a "rather sharp statement in response to the decision of the Ukrainian parliament."

Nikulin added that the reaction of the Crimean parliament would be "legal" after examining the documents carefully.

Deputy Chairman of the Crimean Parliament Viktor Mezhak, who returned from Moscow where he participated to parliamentary hearings on Ukrainian-Russian relations, said that the Ukrainian parliament's decision on Crimea "will certainly affect Russian-Ukrainian relations."

He said he believed that the State Duma would not ratify the wide-scale treaty on friendship and cooperation between Russia and Ukraine "mainly because the treaty pays insufficient attention to the interests of Crimea."

Mezhak said the decision of the Ukrainian parliament was "more force pressure."

He added that a Russian consulate could be established in Simferopol for those willing to become Russian citizens. He said the Russian State Duma would adopt a resolution on permanent parliamentary relations with the Crimean parliament.

Speaker Opposes Kiev Vote

LD1811172194 Moscow INTERFAX in English 1446 GMT 18 Nov 94

[FBIS Transcribed Text] Chairman of Crimean Supreme Soviet Sergey Tsekov views the Ukrainian parliament's decision on Crimea as "quite tough and conducive to neither Ukrainian-Crimean, nor Russian- Ukrainian rapprochement."

Tsekov told Interfax that he "would oppose, in no uncertain terms, the Ukrainian parliament's annulling of 40 pieces of Crimean legislation," however, he added, it is up to the Crimean parliament to pass decisions on this issue.

On November 17 the Ukrainian parliament declared null and void 40 Crimean bills; It claimed they contradicted Ukrainian legislation.

In Tsekov's view, the Crimean parliament may either act tough and refuse to recognize the Ukrainian decision, simply ignore it, or bow down to it.

Tsekov on 'Economic Blockade'

LD2011120894 Kiev UNIAR in Ukrainian 2100 GMT 19 Nov 94

[FBIS Translated Text] Simferopol, 19 Nov—Serhiy Tsekov, the chairman of Crimea's Supreme Council, in an interview in KRIMSKIYE IZVESTIYA commented on the decision of Ukraine's Supreme Council on Crimea of 17 November in the following manner: "This decision is a tough one. I think that it will not promote the normalization of relations that everyone wishes for both Ukraine and Crimea. I am troubled by the point that concerns the financing of a number of power structures. I do not have all the information, however, an

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impression is being created that this is the confirmation of some, probably economic, sanctions, an economic blockade of Crimea. This is the first impression. I am astonished by the fact that the decisions of the previous Crimean Supreme Council, which were approved before the referendum on Ukraine's independence, have been rescinded. This is the declaration on the state sovereignty of Crimea. In the situation that had arisen at that time in Ukraine, Crimea's Supreme Council had the right to approve the declaration. There were never any questions on the part of Ukrainian deputies of the former parliament on the subject of state sovereignty. This topic was also not raised during talks. Moreover, the declaration on state sovereignty was often used as an argument during talks that were held between Ukraine and Crimea.

In the situation which has arisen, we will probably conduct a regrouping of our actions. Obviously we will not promote an increase in tension in our relations with Ukraine. There could be several ways of resolving this problem. One way, if we do not recognize the decisions of the Ukrainian Supreme Council, would be harsh. The other is simply not to pay attention to it. This will be decided by the Crimean Supreme Council."

Kiev Mayor Threatens Sanctions To Lower Prices

WS2111114694 Kiev INTELNEWS in English 1407 GMT 19 Nov 94

[FBIS Transcribed Text] Kiev, Nov 18—Kiev mayor Leonid Kosakivskiy threatened Thursday to resort to punitive sanctions to lower consumer goods prices in the city.

Speaking at a municipal Rada [council] meeting, Kosakivskiy said 80 percent of all products in Kiev stores are imported from other regions of Ukraine, driving prices excessively high for Kiev consumers. Kosakivskiy said meat prices, for example, are twice as high in Kiev compared to other Ukrainian regions. "We expect meat industry enterprises to review their production costs," said Kosakivskiy.

He said that although there are currently no food processing or textile industries operated by Kiev authorities, the municipal Rada is prepared to rescue meat enterprises, including the Argo joint stock company, which satisfies 40 percent of Kiev's meat demands.

Kosakivskiy, a former top-ranking communist, attacked the Cabinet's decree on price liberalization and accused the central government of ignoring local administrations' views on the issue. "We have been presented with a fait accompli, but the burden of responsibility for the shock therapy will rest with us, the local administrations. As always, we have found ourselves refugees of government decisions and actions," said Kosakivskiy.

Kosakivskiy called Kiev "a cash cow for the state budget", complaining that the out of KBV [karbovantsi] 28 trillion collected from Kiev-based businesses and organizations, only KBV 10.3 trillion or 36.8 percent ended up in the city coffers. "The situation in the city would be more stable if... we could use our earnings for our own needs. We need to impose a ceiling on budget deductions, ensure the city receives a portion of hard currency earnings, shift more real estate to municipal control, and allow Kiev to pursue its own taxation and credit-financial policy."

Kosakivskiy said the accreditation of embassies in Kiev is now being halted, which will not only affect the construction industry, but also "lowers the prestige of our independent state." He said that out of five planned embassy construction projects, two—the Belgian and Norwegian Embassies—have not yet begun. Meanwhile, funds channeled for construction in the past 9 months for the Russian, Turkish, and Austrian Embassies cover 35.1, 36.5, and 8.8 percent of annual project estimates, respectively

DSU Protests NPT Ratification, Disarmament

LD1911193494 Kiev UNIAN in Ukrainian 1500 GMT 19 Nov 94

[FBIS Translated Text] Kiev—"The Supreme Council's decision to ratify the Nuclear Non-Proliferation Treaty [NPT] and the solidarity with this decision on the part of President Kuchma, Supreme Council Chairman Moroz, Prime Minister Masol, Minister of Foreign Affairs Udovenko, and the majority of the democratic opposition proves that Ukraine's top leadership and the West-funded, so-called democratic, opposition do not and cannot care about Ukraine's national security," says a statement by the State Independence of Ukraine [DSU], a Ukrainian-wide political association, published on 19 November.

Ukraine's new leadership, says the statement, is continuing the policy of Ukraine's disarmament started by President Leonid Kravchuk. Leonid Kuchma's speech in parliament was a vivid illustration of the fact that the state does not yet have a strong-willed president capable of defending Ukraine's national interests without reservation.

Lugansk Council Ends Deductions to Kiev Budget

LD1811191994 Kiev UNIAN in Ukrainian 1600 GMT 18 Nov 94

[FBIS Translated Excerpt] Lugansk [no dateline as received]—The Regional Council has decided to suspend with effect from 1 December the deduction of funds to the state budget, channeling them in full to local budgets. The decision was motivated by Ukraine's Cabinet of Ministers so far failing to offset the region's 3.8 trillion karbovantsi losses from the drought, 43.5 billion karbovantsi earmarked for the elimination of the aftermath of this calamity, and 859 billion karbovantsi of state budget subsidies for the purchase of grain, the Regional Council's press service informed UNIAN. The government's failure to make these payments has led to

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the by now several months long nonpayment of wages to the miners, and a lack of funds to pay pensions and social security benefits. [passage omitted]

Rukh Leaders on Kuchma Appointments, Unity

WS2111082594 Lvov VYSOKYY ZAMOK in Ukrainian 5 Nov 94 p 2

[Report by Nataliya Balyuk: "In the Opinion of V. Chornovil, the Idea That a New Leader Can Unite Democratic Forces in Ukraine Is Absurd"]

[FBIS Translated Text] A meeting of local self-government officials has recently taken place in Lvov under the slogan: "Nontraditional Sources of Financing Local Councils" organized by the Lvov City Council. Taking advantage of the presence of invited leaders, Rukh leader Vyacheslav Chornovil staged a field meeting of the Rukh's Minor Council at the Shevchenkivskyy Rayon Council. Following that meeting, Rukh leaders held a press conference.

Vyacheslav Chornovil opened his meeting with journalists by stating that he wanted to hold the Minor Council meeting in Lvov, because this is where democratic forces won the elections. For example, all voters cast their ballots for Vasyl Kuybida as mayor of the city.

In the words of the Rukh leader, the Minor Council addresses the issue of Rukh's relations with government institutions and the party's cooperation with the mass media.

As the Minor Council meeting was attended by representatives of local self-governments, its participants discussed cooperation of Rukh with local leaders and the possibility of Rukh's support for them. Also discussed was the issue of bringing up the new Rukh cadre. Necessary decisions have been made in this regard. One of them was the decision to establish a Rukh training center. This center could train members of the movement to participate in the work of government institutions. In the words of Vyacheslav Chornovil, the purpose of the above measures is to secure the personnel reserves for more active participation in the next legislative elections to "gain power."

The Rukh Minor Council also took stock of the last five years of the organization's activities. At the end of the meeting, a small discussion took place regarding Rukh's attitude toward various branches of power. The first question asked to V. Chornovil at the press conference was about the "Boychyshyn case." That is not a surprise given the fact that M. Boychyshyn used to head the council in the building in which the Minor Council meeting and press conference were held. Journalists were interested in the progress of the investigation into the mysterious abduction of the Rukh Secretariat chairman. V. Chornovil said that he knew nothing about any version of the case, and that Rukh continues its efforts to advance the investigation. The leader is convinced that the Boychyshyn case has an outright political context.

Asked what he thinks about the appointment of Viktor Pynzenyk as first deputy prime minister for market reform issues, Mr. Chornovil said: Even though we have some objections against Viktor Pynzennyk (he did not do everything very well as prime minister), one should appreciate the fact that the man represents reform-oriented forces. That Leonid Kuchma selected him for the job testifies to his serious intention of implementing the ideology and program presented at the Ukrainian Supreme Council session on 11 October. This appointment is also an explicit move to show that the president will not stand with the opinion of the ultra-left wing in parliament, which did its best to stain his image, attributing all conceivable and inconceivable sins to him.

First Deputy Rukh Chairman Oles Lavrynovych expanded on the words of Vyacheslav Chornovil. He believes that Pynzennyk's appointment confirms the president's serious plans regarding market reforms.

The journalists were also interested in the opinion of Vyacheslav Chornovil about the situation that has taken shape surrounding General Ivan Motrynets.

Ivan Motrynets was appointed head of the Lvov Oblast Administration of Interior Affairs after I resigned from the position of the oblast council chairman, V. Chornovil said. As oblast council chairman, I did not know him. This is why it is difficult for me to assess his skills. But there is something I do not like about the entire situation. Something is brewing, and I can feel some interests standing behind all this.

Asked about Rukh's present image and the party's prospects for the future, V. Chornovil said: The Rukh image has considerably improved after its Grand Council meeting. I would like the entire history of our struggle to be analyzed. After all, a deadly fight had been waged against us for several years, in Halicia [region in western Ukraine] as well. This has significantly damaged the movement's standing, but, thank God, we have survived. So, let us take a more moderate look at the past two years of democracy in Halicia, as this is the cradle of our democratic rebirth. I would very much like to restore the fame of the Lvov region.

V. Chornovil brought up an issue which has recently been widely debated by the press and politicians—the attempt by democratic forces to regain understanding and unity. In the opinion of the Rukh leader, the idea that a new leader—Leonid Kravchuk, for example—can unite democratic forces in Ukraine is absurd. V. Chornovil believes that a new politician will not promote unity, which should be sought among the present political organizations.

A perception that Leonid Kravchuk could become leader of the national democratic forces is erroneous, V. Chornovil stated.

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'Working People' Express Solidarity

WS2111112694 Kiev VYBIR in English 2043 GMT 18 Nov 94

["Extracts" of a statement issued by the Central Committee of the Communist Party of Ukraine and the "Communists of Ukraine for Social Justice and Democracy" faction in the Supreme Soviet; place and date not given—from the "Ukrainian News" feature]

[FBIS Transcribed Text] Numerous meetings of working people during the days of celebration of the 77th anniversary of the Great October Socialist Revolution emphasized their solidarity in assertion of their interests.

At meetings and in the course of the demonstrations there were heard categoric demands to cease robbery of their own people under the pretense of reforms.

The working people expressed full support to the councils of all levels as essentially democratic entities, called to protect them from national-radicals who are striving for power and from other semi-criminal elements.

They demanded from the President of Ukraine to put an end with Mafia criminals, corruption, called him to fulfill his pre-election commitments, to stop implementation of the bankrupt programme of the Rukh and national-democrats, to stop anticommunist and anti-Russian propaganda.

The forces of reaction represented by different organizations calling themselves democrats and catastrophically losing the support of the people which they deceived when going to the elections and promising a paradise to Ukraine are tending to become national fascists and resort to anti-law actions, which provoke destabilization of the situation. On November 6-7 there was organised a national-fascist sabbath with the purpose to prevent the legally permitted celebration of the anniversary of the October Revolution. It is expedient to remind to the democrats that this is a state holiday in Ukraine.

Navy Reports Discovery of Radioactive Soil

WS2111083394 Kiev KIYEVSKIYE VEDOMOSTI in Russian 15 Nov 94 p 6

[Unattributed report: "Radioactive Patch of Land Has Been Rendered Harmless in Sevastopol"]

[FBIS Translated Text] The press center of the Ukrainian Navy has reported that as a result of an ecological spot check on land adjacent to the Naval Institute, an area has been discovered with high gamma radiation levels (six times higher that acceptable city levels) measuring 40 by 40 cm and running 10 cm deep.

Civilian Defense Department specialists, as well as experts from the City Sanitary and Epidemiologic Station and the Ukrainian Radiation, Chemical, and Biological Protection Naval Service transported the soil from the contaminated patch of land to a radioactive waste depot. How did this patch of land come to be contaminated? Captain Vladimir Kirishchenko, head of the Power Engineering Department, believes that substances used at the institute for training and instruction purposes could not have contaminated the soil, since they are under strict control and the spot check did not reveal any mismanagement in their handling. The situation will be cleared up after the test results become available.

Meanwhile, Foat Bayazitov, head of the Civilian Defense Department in Sevastopol, said that decontamination work is also under way in other districts of the city. Experts removed 980 kg of soil contaminated by enterprises and military units of the Black Sea Fleet in violation of safety regulations. There are still areas in Sevastopol in where background radiation levels reach 900 micro- Roentgen per hour. The contaminated soil will be dumped in a special burial site in Odessa Oblast. In the words of Foat Bayazitov, 200,000 karbovantsi has been allocated from the city's budget to fund this project.

Pavlovskyy Opposes Chernobyl Closure Terms

LD2011190094 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 20 Nov 94

[FBIS Translated Text] The terms offered for the closure of Chernobyl AES [nuclear electric power station] are unacceptable to Ukraine, according to Mykhaylo Pavlovskyy, chairman of the Supreme Council Commission for Nuclear Policy and Nuclear Safety. He told the URYADOVYY KURIER newspaper: We understand our Western partners' concern for the standard of nuclear safety in Europe. But we also realize that there is a competition for markets. and Ukraine is being invited to buy its nuclear power from Western Europe.

Mykhaylo Pavlovskyy believes that the closure of Chernobyl AES is imminent, but only through a natural process of exhausting its resources.

Nuclear Reactor Suffers Two Recent Breakdowns

LD1911202994 Moscow ITAR-TASS in English 1850 GMT 19 nov 94

[UKRINFORM—TASS]

[FBIS Transcribed Text] Neteshin, Khmelnitsky Region November 19 TASS—A turbogenerator of reactor No.1 at the Khmelnitsky nuclear power plant, Ukraine, that suffered two breakdowns this week has resumed operation on Saturday, the plant information center said.

The generator was deenergised at 15:43 [time as received] on Friday after a breakdown of the regulator in steam generator No.3. The reactor operated at 40 per cent of its thermal capacity.

The level of radiation at the plant and within the 30-kilometer restricted zone around it has not changed.

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Earlier, on November 16, the same reactor was idled because of an electric malfunction in the cooling system of the power plant feeding the generator of reactor No.1.

Official Discusses Border Control Problems

WS2111074594 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 10 Nov 94 p 3

[Article by Colonel Petro Medvid, chief of the press service of Ukraine's Border Troops: "The Border, Which Is Too Transparent"]

[FBIS Translated Text] Our Border Troops have become a stable component of the system of Ukraine's state institutions. Ukraine's borders—which are legally established—have been internationally recognized.

Ukraine's borders are the longest in Europe (8,215 km). Our Border Troops also protect Ukraine's trade zones in the Black Sea and the Sea of Azov. Ukraine's Border Troops comprise border control detachments, specific sea brigades, Air Force units, and a network of checkpoints. Three departments—the Southwestern Department in Lvov, the Southern Department in Odessa, and the Southeastern Department in Kharkov—have been established. According to a presidential edict, our Border Troops assumed control over Ukraine's border with Belarus and Russia on 31 January 1993.

The preamble to the Law on Ukraine's State Border says that the state border is inviolable and any border violations are to be prevented. How is this instruction—issued by the people and the state—being fulfilled?

A border protection network—a living and flexible organism—can be modified by changing circumstances. Let us recall the troubled spring of 1992, when an extremely dangerous situation—triggered by combat activity in the Trans-Dniester Region—emerged near our southern borders. Necessary forces and reserves—ready to fulfill their duties in full and ensure the inviolability of Ukrainian territory—were concentrated along the Ukrainian- Moldovan border for a brief period of time. Their primary task was to prevent border violations by armed groups and individuals.

We can state confidently that all the measures undertaken have been timely. Our border officers have detained dozens of armed gangs, confiscated hundreds of weapons and thousands of rounds of ammunition. They have also provided a great deal of support to refugees.

The current situation in this sector of our state border is also unstable. The attempts to smuggle weapons, ammunition, and various goods have become more frequent.

The situation along the western border is also complicated and sometimes critical. This situation is triggered by attempts—which have become more frequent—to violate our borders by citizens of third states. The problem of illegal migration has crossed beyond specific states and become an international concern. It represents a genuine threat to our security, increases the crime rate, and extends the markets for arms and drugs, as well as for illegal labor.

This issue has special importance for Ukraine. Our state is located in the center of Europe and this is an objective reason for using our territory for illegal migration. We are detaining dozens of border violators—citizens of Southeast Asia, the Near and Middle East, and African states—at our checkpoints every month. In August alone, some 1,738 illegal migrants tried to cross our borders illegally. It was the first time that we managed to detain such a large number of border violators. The situation along the Polish border was especially tense.

A very complicated situation has emerged lately along Ukraine's eastern border—including the border between Ukraine and Belarus—stretching from Volyn in the west to Mariupol in Azov Rayon.

As is known, Ukraine and Russia signed an agreement covering bilateral cooperation—including cooperation on border issues—in Odessa in early August of 1994. Due to the fact that the mechanisms for such cooperation between Border Troops offices have not been specified in detail—only general guidelines have been discussed—this agreement was severely criticized by certain political organizations. The "Democratic Odessa" bloc, for example, has distributed a statement in which they mentioned the alleged weakening of the Ukrainian-Russian border and made an outright appeal to repeal this agreement.

In addition, there are several other viewpoints—in the eastern regions of Ukraine, as well as in Donbass and Kharkov Oblast—proposing that the border between Ukraine and Russia be abolished completely. These sentiments are whipped up by certain public offices in the Russian Federation which are blaming Ukraine for the problems along the border between the two states. Such statements are sometimes issued by top officials of the Russian Federation.

The facts, however, show that a few customs houses and militia posts—which assumed control over primary highways—appeared in Russian oblasts bordering Ukraine in the second half of 1992. Russian Border Troops offices were established along the Ukrainian-Russian border before 2 January 1993. The Russian side, however, continued to gradually establish its border infrastructure and introduce customs control during the years 1993-94. Russia has also adopted a decision to introduce a 5-km border zone along its state borders to control people's arrivals and terms of stay.

It is easy to conclude—having visited the eastern border—that the Russian side is properly (and likely with far-reaching goals in mind) organizing its border infrastructure. Ukrainian Border Guards, in turn, find shelter in cars; there is virtually no housing construction under way.

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As I have already mentioned, Ukraine's Border Troops assumed control over our border with Belarus and Russia only on 31 January of 1993. Since then, we—along our border with Russia—have established the Southeastern Department in Kharkov, have organized five border control detachments (in Sumy, Kharkov, Chernigov, Lugansk, and Donetsk), and an aircraft unit in Kharkov. In addition, we have assumed control over the airport in Kharkov. I am repeating: The Ukrainian side is not planning to organize its permanent border infrastructure on a large scale.

New detachments have been instructed to counteract illegal migration, fight crime, and protect economic interests of the state, as well as prevent attempts to smuggle weapons, ammunition, and drugs into Ukraine. It is across the eastern border that the primary stream of illegal migrants is coming into Ukraine. The majority of illegal migrants, who rely on visa- free border crossings and on weak control by Russian guards, want to get into Ukraine in hopes of later leaving for Western states.

A crime-breeding situation on the southeastern border—particularly at checkpoints—has become no less tense. Organized- crime gangs—exporting raw materials and foodstuffs from Ukraine—are in the background of this situation. Our border guards are closely cooperating with militia officers, the KGB, the National Guard, and customs officers.

The task of protecting Ukraine's consumer market is especially important. We have learned at the Headquarters of the Border Detachment in Chernigov that, according to calculations made by them and their Russian colleagues, illegal exports of raw materials and other materials, foodstuffs, and consumer goods will exceed the import of similar goods by 300 percent. Those estimates do not support the appeal by a well-known Russian writer, a former emigrant, to stop feeding the erstwhile republics of the Soviet Union. Russia does not, at least, feed Ukraine.

Ukraine's border with Belarus and Russia still remains "transparent." To organize Ukraine's border infrastructure, we require several billion dollars. The state has no such money. Yes, given friendly and good-neighborly relations between the three Slavic states, we do not require barbed wire and expensive and permanent facilities. We, however, require coordinated efforts and cooperation between corresponding institutions.

What is the essence of this cooperation?

This cooperation implies, first of all, the joint fight against illegal migration; second, the joint fight against illegal transporting of weapons and ammunition; third, the fight against drug trafficking.

Taking into consideration the fact that the Ukrainian-Russian border has no legal basis, the Ukrainian side has worked out and presented to the Russian side a draft agreement covering the delineation of their joint border, procedures for extradition and reception of specific individuals and for mutual visa-free trips by Russian and Ukrainian citizens. The State Committee for Border Issues of Ukraine expects that these initiatives will be successfully implemented.

Ukraine's Border Guards have taken part in the implementation of the presidential edict to step up the fight against organized crime. Negative developments in Ukraine are affecting the current situation on our state borders. Groups of racketeers—extorting money from people going to Ukraine—are adding a criminal element to the situation. Our racketeers—who have, in fact, united with international criminal groups—are exerting ever-increasing pressure on border guards, trying to involve them in illegal deals. Threats to physically punish "disobedient" border guards and their families are often heard.

The situation in Ukraine's sea trade zone is also tense. We have repeatedly counteracted illegal fishing by foreign vessels.

Well, there are a lot of problems. The state borders of independent Ukraine should remain inviolable.

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Belarus

Ministers Allocate Funds To Russian Gas Debt

WS2i11093494 Minsk Radio Minsk Network in Belarusian 0800 GMT 21 Nov 94

[FBIS Translated Text] At the instruction of the Belarusian Cabinet of Ministers, the Ministry of Finance has granted $10 million from its hard currency fund to the Beltranshaz enterprise to partially settle its debt for gas received from the Russian Federation. In addition, $5 million was allocated to the Belnaftapradukt concern to fund purchases of oil and oil products.

Lukashenka Issues Decree on Food Prices

LD2011202494 Minsk Radiostantsiya Belarus International Service in Belarusian 1900 GMT 20 Nov 94

[FBIS Translated Text] As we have already reported, on 13 November the president issued a decree [number indistinct] on measures for changing prices on some foodstuffs and [words indistinct]. What is the result of that decree? In food stores the prices have gone down. Bread has become cheaper by 40-60 rubles. Processing enterprises (?supplied) shops with dairy products priced in accordance with the levels of 1 November. The repricing was done on the spot in the shops. Thus, sour cream which cost 2,149 rubles per kg is now sold at 1,888 rubles. The most considerable price reduction concerned cottage cheese—instead of 3,000 rubles per kg, it can now be purchased at 1,416 rubles.

As for meat products and sausages, the prices have not changed. Butter has not relinquished its positions either. Will anybody be made personally responsible for the price rises during the absence of the president? It is yet unknown. Losses due to the reversal of prices on bread and dairy products will be 100 billion rubles. This figure has been announced at a news conference by Prime Minster Mikhail Chyhir, of which 60 billion rubles will be direct budget losses connected with the reduction of real prices in accordance with the presidential decree. The rest will be spent on individual allowances to the poor. However these prices, as transpired from the report of the government head, will hold out only until the new wages are paid.

Official Details Privatization Process

WS1811153094 Minsk DOBRY VECHAR in Russian 15 Nov 94 p 2

[Interview with Tadeush Kazimirovich Malinovskiy, chief of the State Committee for Managing State Property and Privatization in Minsk, by Tamara Markina: "Much Time Will Pass Before Privatization Reaches Its High Point"—first paragraph is DOBRY VECHAR introduction.]

[FBIS Translated Text] **Privatization is not a chaotic process. There is a specific privatization program for Minsk. How is it being implemented? Will lasting patience of residents of Minsk be rewarded with shelves full with consumer goods? Will our sector of consumer services—one foot in the grave—be reformed? Will residents of Minsk—after privatization—earn enough money to buy goods in shops and regain their self-respect? Our "chief manager" of privatization—Tadeush Kazimirovich Malinovskiy, chief of the State Committee for Managing State Property and Privatization in Minsk—should know the answer to this question.**

[Malinovskiy] If everything depended on the implementation of our privatization program, there would have never been a simpler case. The market economy, however, demands that reforms of other sectors of our economy—including the banking system—be carried out; that enterprises of the all-Republican and city subordination be restructured, and that the investment policy (I am referring to subsidizing unprofitable enterprises and projects) be changed. Be this a small shop, or be this an enterprise beginning to produce goods that are in demand—after denationalization and privatization—all of them need funds to buy new equipment for production or trading purposes (sales registers, sales counters, displays, and warehouses equipped with high technology equipment).

In my opinion, current privatization is inefficient because the money—received from privatization—is transferred to the expenditure sector of our state budget. Money from privatization is simply consumed by us. Only when such money is paid into a special bank account (at least, 50 percent of this money) and invested in restructuring and reforming production capacities—including those of privatized enterprises—will the primary task of denationalization be fulfilled. This task pertains to the stabilization of enterprises' performance, the increase in production—including production of competitive goods—and the specialization of unprofitable enterprises into new fields, including the change in the type of ownership. All these reforms could lead to the increase in personal incomes of our people.

[Markina] M.A. Yeliseev, chairman of the Western Stock Exchange for Real Estate, said in his interview with DOBRY VECHAR that Minsk, in contrast with Grodno and Brest, does not hold auctions that are regarded as a good means to privatize shops and workshops.

[Malinovskiy] As an expert, I would also prefer to hold an auction or a competitive sale (depending on the social value of a site). Privatization of municipal facilities, however, is based on the Law on Leasing. Some 30 percent of enterprises of the trade and public catering network have already profited by this law. A few state-owned enterprises have managed to change their type of ownership on the basis of the Law on Leasing. Enterprises-lessees have been using their profits to renew their fixed capital over three to four years. Due to efficient performance, a few of them have become owners of more than half of a non-state share in capital funds. Therefore, leasing—with the right to purchase the property being

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leased—is the primary means to transfer the state-owned municipal property to private hands in the first stage of privatization. This process is guaranteed by the law.

To hold auctions and competitive sales, or tenders, we should introduce changes in our legislation covering related issues. I can provide you with an example of how a working collective—participating in competitive sales—filed a lawsuit against an outside challenger and won the case (on the basis of formal criteria) despite the fact that the financial situation of a rival enterprise was more secure. By the way, an enterprise—privatized through an auction—will not gain much, even though its initial price has been exceeded 10-fold, because the money would not be invested in its production.

[Markina] **Tadeush Kazimirovich, some experts propose that denationalization be "practiced" at first in the sector of municipal facilities—shops, hairdressers, and canteens—and only later be implemented at large enterprises, such as factories and plants. What do you think about this concept?**

[Malinovskiy] In my opinion, privatization should be conducted both at enterprise-producers and enterprise-middlemen that link producers and consumers.

[Markina] **Anyway, privatization of enterprises of the trade and public catering network—even though it is conducted by working collectives—is under way. How is the transfer of municipal property to private hands going, compared with other regions?**

[Malinovskiy] Despite all circumstances, Minsk accounts for some 90 privatized sites, Brest Oblast—36, Vitebsk Oblast—21, Grodno Oblast—68, Minsk Oblast—26, Mogilev Oblast—6, and Gomel Oblast—35, over 1994. We are planning to privatize between 126 to 200 enterprises (out of an available 3,000 enterprises).

We should not be afraid of situations where working collectives are privatizing enterprises. First of all, no new enterprises- lessees are being organized in Belarus; second, any kind of situation can emerge. Let us imagine that a working collective that has privatized an enterprise is working efficiently. God bless this enterprise. It can happen, however, that a new owner will not improve the financial situation of a trading enterprise. It cannot be ruled out that a few shops will be able to improve their performance only in the second or in the third stage of the redistribution of property which could be transferred even to one owner. Even you, DOBRY VECHAR correspondent, could become such an owner.

[Markina] **You are kidding, Tadeush Kazimirovich.... My current salary is 50,000 rubles [R]. It will hardly rise in the future.**

[Malinovskiy] I am quite serious. Every individual could become wealthy in our state: The state should create proper conditions for this situation.

[Markina] State associations of trading organizations [TORG] controlled all our shops before. There are already a few shops in Minsk that have logos "Production-and-Trading Association...." on their doors. Does this mean that entire state associations of trading organizations will be privatized? We are already familiar with the consequences of a monopoly in our trading sector....

[Malinovskiy] No state association of trading organizations in Minsk has privatized "its" shops. In addition, there is only one association of trading organizations left in Minsk. It is situated in Zavodskoy Rayon. Our consumers have a chance to compare the availability of goods in the shops in Zavodskoy Rayon and in other districts of Minsk. In my opinion, this comparison is not to the credit of the shops in Zavodskoy Rayon.

[Markina] **It all depends. In my opinion, the shops in Zavodskoy Rayon—at least the shops I dropped in—are observing a minimal stock list and are selling goods at acceptable prices. There were, however, shops that sold goods at inflated prices. I do not know where to look first when I enter privatized shops, but my heart sinks when I see their prices. I have recently visited the "Tsentralnyy" department store. Expensive goods are not in demand there. Consumers are buying only "minimal stock," we have a few well-off people....**

[Malinovskiy] How can managers of shops—members of the association of trading organizations—run their enterprises? How can you make deals with suppliers without personal seals and freedom of action? Shops could improve their efficiency only after privatization. Foreign investments are being poured into the "Tsentralnyy" department store that has been privatized. Foreign investors are attracted by—among other advantages—opportunities of a non-state enterprise to guarantee their investments—both financial and material—by its property.... Time and the sane policy of our state leaders could challenge the low purchasing power of our citizens.

[Markina] **Denationalized enterprises, however, own only sales counters and displays. They are leasing buildings located on the land that is owned by the state. Where are the guarantees for investors?**

[Malinovskiy] In addition to sales counters and displays, there are also warehouses, refrigerators, vehicles, loaders, goods, as well as the money in turnover. It is absurd that they cannot privatize buildings! You know, the people have the right to purchase apartments! There is a tenet in our city program pertaining to the right to buy the built-in facilities. To my regret, the Law on Denationalization and Privatization lacks this paragraph. Anyway, a few ministries are selling such shops. We should not be afraid to sell such facilities: They need repair and proper care.

The inability to buy land—on which an enterprise is located—is also absurd. Having included this paragraph

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in the law, our state has retained an opportunity to confiscate privatized enterprises. This situation results in the fact that foreign banks do not issue credits to potential investors in our economy. The state, however, has found a way out of this situation: The state can lease land for 99 years.

[Markina] **Do our national businessmen—able to cure unprofitable enterprises—have an interest in privatizing municipal property?**

[Malinovskiy] Yes. There are businessmen in Minsk who are ready to privatize specific shops, bars, and other sites. A few of them have obtained their capital in the production sector. There are, however, a few "buts." For example, DOBRY VECHAR has already published an article about the "Zorka" enterprise that has bought the "Ritm" workshop in a competitive sale. The working collective of the "Ritm" workshop, however, came to a conclusion that its interests had been violated and filed a lawsuit against the "Zorka" enterprise. You can see that most attractive projects and more competitive companies do not always win! Time, however, will tell.

[Markina] **Tadeush Kazimirovich, what about the privatization for vouchers in Minsk?**

[Malinovskiy] It is under way; however, at too slow a pace. Privatization for vouchers will be conducted at enterprises, the value of property of which stands at some R30 billion. As of 1 October of 1994, we have issued vouchers for a total of some R30 billion. The state will continue to be an owner of the greatest portion of the national property until it is purchased for vouchers.

[Markina] **What is the role of investment funds in privatization?**

[Malinovskiy] They should operate—as stock exchanges do—with securities. New "MMM" investment funds [a collapsed Russian Federation investment fund] should not emerge in Belarus.

[Markina] **What municipal facilities would not be privatized?**

[Malinovskiy] The electric power transportation network, underground rail system, pipelines, heating mains, and infectious and oncologic hospitals and clinics would not be privatized in the immediate and foreseeable future. The situation, however, could change in the course of time....

Denationalization of municipal and state property is being conducted too slowly. The state should grant money for advertising purposes: The state should publish leaflets and posters to report on the course of privatization, to inform about the rights granted by the law, to aid in choosing efficient options of investing money and vouchers. Privatization should be conducted in the interests of the people. The people should have a vital interest in privatization. The people should be convinced that if they properly invest their money and vouchers today, they will provide a proper standard of living for both their children and themselves tomorrow.

Kastenka, Rifkind Sign Cooperation Memorandum

MM1811113594 Moscow KRASNAYA ZVEZDA in Russian 18 Nov 94 p 3

[Report by Valeriy Kovalev: "Belorussian Delegation Visits Britain"]

[FBIS Translated Text] A Belorussian [Belarusian] military delegation headed by Colonel General Anatol Kastenka, defense minister, paid an official visit to Britain 15-17 November.

The Belorussian Defense Ministry Press Service reported that the talks discussed questions of expanding and deepening cooperation between the two countries' military departments, and Belorussia's participation in the NATO "Partnership for Peace" program and in peacekeeping operations under UN auspices. Anatol Kastenka met with his British counterpart Malcolm Rifkind. The Belorussian delegation visited the Royal Institute of Strategic Studies, the ground forces headquarters, and a center for retraining British servicemen who have been discharged to the reserve. The defense ministers signed a memorandum of mutual understanding and cooperation in the military sphere.

Moldova

Russia Announces Troop Reduction in Dniester

AU1911214294 Chisinau BASAPRESS in English 1920 GMT 17 Nov 94

[FBIS Transcribed Text] Chisinau, BASAPRESS, 16/11/1994—After signing the Yeltsin-Snegur agreement, Russia has announced its intention to reduce unilaterally its peacekeeping forces deployed in the Dniester conflict zone. Based on the conditions agreed on by both presidents, the security zone was established on an area of 150 km long and 10 km wide (5 km on each bank) along the Dniester. The order and stability in the "green zone" was to be secured by four Russian battalions, three battalions from Tiraspol (two are active and one is in reserve) and three from Chisinau. The aggregate number of Moldovan and Dniester forces is approximately 3,000 soldiers. According to experts, the Russian units are not superior from the standpoint of military training and equipment, the last condition being stipulated in the Yeltsin-Snegur agreement. At the last meeting of the Joint Control Commission, Russian forces commander, General Azat Hachaturov, said that between November 19-28 the composition of the units under his subordination will be modified. Only two blue helmet battalions are to remain. Previously, the Russian side made public its intention to reduce the peace-keeping forces by 50 percent on grounds that it is unable to finance such numerous forces. In addition, the representative of the

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Russian Ministry of Defense gauged that peace was established in the conflict zone. Thus four battalions are too many.

The Chisinau representative at the Joint Control Commission declared at the November 14 extraordinary meeting that the adoption of a unilateral decision uncoordinated with other participants in the peace-keeping operations could increase the tension and even the destabilization of situation in the security zone. According to the same source, at the Moldovan-Russian consultations in September the Moldovan side supported Moscow's initiative regarding the possible reduction in the blue helmet forces with the condition to demilitarize the security zone first increasing the responsibility for maintaining peace in Dniester.

According to local observers, Tiraspol deployed in the security zone many outposts in the security zone which consist of units of frontier guards and the paramilitary, the Russian forces' withdrawal would be in Tiraspol's favor. Dniester's attitude toward Moscow's intention was formulated by the Dniester Supreme Soviet Chairman Grigori Marakutsa. He declared that "Tiraspol, as well as Moldova, cannot welcome the 50 percent reduction of the Russian peace-keeping forces scheduled for the end of this month because the Moldovan- Russian agreement from 21 July 1992 signed by Yeltsin and Snegur was not fully fulfilled." At the same time, Marakutsa stressed that Russia has the right to make a decision by itself regarding the forces' reduction because it defrays material expenses (exact figures regarding the expenses defrayed by the Moscow Ministry of Defense are not yet made public). The Tiraspol leader said that there are two variants of action in this situation: whether Moldovan and Dniester peacekeeping forces take over the control over sectors from the security zone from where the Russian troops will be withdrawn or the security zone from the proximity of the Grigoriopol and Slobozia districts should be liquidated. Asked whether the Tiraspol frontier guards' units and additional military forces could be withdrawn too from this zone, Marakutsa said that "Dniester's territory is too small" and that these units cannot be evacuated. In his opinion, this problem can be solved only by Moldova's total demilitarization.

Marakutsa voiced this Tiraspol's categorical option one week ago in the speech he made at a conference held in the Parliament building. In local experts' opinion, Moscow is aware of the consequences that can occur after the reduction of its peace keeping forces. Moreover, accepting the Tiraspol's motivation that it has no place to withdraw to the frontier guards and paramilitary units from the security zone, the Russian Ministry of Defense and undermines the value of Boris Yeltsin's signature under the 1992 agreement. In spite of these delicate aspects, Moscow decided to reduce its blue helmet forces. This makes some experts to think that Grachev's Ministry attempts to take a sort of political revenge due to Chisinau's pressuring the 14th Army's withdrawal from Dniester.

Parliament Outlines 1995 Draft Budget

AU1811173394 Chisinau INFOTAG in English 1930 GMT 17 Nov 94

[FBIS Transcribed Text] Chisinau INFOTAG, 17/11/1994—In accordance with the anticipated macroeconomic indicators, the revenues of the Moldovan budget system in 1995 have been determined to be 1,947.4 million lei, and the expenditures are expected to be 2,247.4 million lei. These figures are present in the draft budget, whose consideration was started by the Moldovan Parliament today.

The revenues are made up of taxes (1,577.4 million lei) and non-traditional sources (370 million). This is 487.4 million greater than the revenues of the 1994 premised budget. The budget expenditures shall increase by 546 million lei, compared to 1994.

The maximum deficit is envisaged to be 300 million lei, or 3.8 percent of the Gross Domestic Product (GDP). That will require a tough budget-tax policy, with a monthly rate of inflation of 1-2 percent.

The principal sources of budget revenues will be the profit tax and the value-added tax, which will yield 22.1 percent and 19.5 percent, respectively.

The land tax is to be 200 million lei, i.e. 10.3 percent of total sum, and 157.5 million greater compared to the premised 1994 budget.

The draft offers non-traditional revenues worth 370 million lei, which shall serve for financing additional arrangements not covered by budget provisions. These sources will be the incomes of the National Bank (80 percent profit), and privatization incomes.

Social arrangements amount to 48 percent all expenditures, including education 21.6 percent (140.3 million more than in 1994), health services 15.6 percent (121.5 million more), culture 1.8 percent, social insurance 6.4 percent. The reduction in financing these sectors, compared to 1990-1991, is caused by generally lower revenues, and by the necessity to meet new commitments typical for an independent state.

Expenditures related to servicing the internal and external state debts shall amount to 14 percent. Maintenance of law-enforcement bodies, security and defence—10.6 percent.

The Finance Ministry submitted for consideration the suspension of some privileges. There are 273 kinds of privileges practiced in the republic at present.

The draft budget envisages financing capital investment worth 230 million lei, i.e. 3 percent of GDP. However, according to some calculations, a total of 430 million lei is required to continue the construction of even 70 percent-ready objects, which is affordable by the budget at present.

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Draft Budget Passes

AU2111120094 Chisinau INFOTAG in English 1945 GMT 18 Nov 94

[FBIS Transcribed Text] Chisinau INFOTAG, 18/11/1994—The Moldovan Parliament passed the draft law on the 1995 State Budget at the first reading today, with 72 deputies having voted for, and 9 against.

The opponents to the draft, the Block of Peasants and Intellectuals, explained their decision by the belief that the draft was too administrative, and would not promote market-oriented reforms.

In particular, the chairman of the Free Peasants Association, Semion Certan, spoke categorically against the envisaged increase of budget expenditures to be allocated to the Ministry of Agriculture, including for the maintenance of the administrative staff. In his opinion, that shall inevitably lead to curbing the privatization in the agrarian sector, and to freezing reforms.

Victor Zlachevskiy of the Bloc of Socialist Unity suggested to reduce allocations for power ministries, so that to send the money for social needs. Greater allocations for social needs, health service, science and culture were suggested also by the other factions.

With an account of the fact that a part of expenditures shall apply to local budgets, the revenues of the 1995 state budget are projected to be 1,207.2 million lei (15.2 percent of the Gross Domestic Product-GDP), and expenditures 1,507.2 million lei (19.1 percent of the GDP).

The budget deficit is to be 300 million lei, or 3.8 percent of the GDP. Two-thirds of the deficit is to be covered by external financing sources, and the remainder 100 million by internal financing.

The budget revenues are to be yielded by the profit tax (20 percent), the value-added tax (17.9 percent), excise duties (8.3 percent), incomes of foreign economic activities (5.8 percent), miscellaneous incomings (17.4 percent), plus non-traditional incomes.

The draft envisages to allocate 26.8 percent expenditures for social needs, 14.1 percent for maintenance of interior structures, security and defence, 12.6 percent for servicing the external debt, 14.3 percent for capital investment, 1.4 percent for maintaining state power bodies, 7.3 percent for current economic expenses, and 8.3 percent for foreign economic activities.

National Bank Chief on Domestic Debt Increase

AU2111120294 Chisinau INFOTAG in English 1945 GMT 18 Nov 94

[FBIS Transcribed Text] Chisinau INFOTAG, 18/11/1994—President of the National Bank of Moldova, Leonid Tolmach, expressed disagreement with the 120 million lei ($28.5 million) worth revenues envisaged by the 1995 Draft Budget.

This huge sum cannot be realistic, he stated during the parliamentary hearings, even if the government repays the credits granted by the National Bank.

Tolmach also objected to increasing the state's internal debt to 63 million lei. In his words, such a decision shall increase the money stock operating at the country's financial market, and that shall push inflation up.

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Kazakhstan

Premier on Reforms, Russian Relationship

MM1811111794 Moscow TRUD in Russian 18 Nov 94 p 5

[Interview with Prime Minister Akezhan Kazhegeldin by Ivan Bogachev; place and date not given: "Kazakhstan: 'If They Won't Let Us in Through the Front Door, We'll Go in Through the Back Window'"]

[FBIS Translated Text] Kazakhstan has a new prime minister. Sergey Tereshchenko has now been replaced in that post by Akezhan Kazhegeldin. In the republic they call him the "Gaydar of Kazakhstan." Today he shares with TRUD readers his views on the development of the CIS, Russo-Kazakh relations, and the country's economy.

[Bogachev] Akezhan Makzhanovich, on 12 October you were confirmed as leader of the new cabinet. In that capacity you have already visited Moscow, taken part in a Moscow summit, spent four hours talking one on one with Viktor Chernomyrdin, and met with the leaders of other states' governments. How do you, as someone with a fresh view of things, assess the present situation in the CIS?

[Kazhegeldin] Much more optimistically than before. The latest Moscow summit showed that state leaders and politicians are beginning to take a more reasoned view of the collapse of the former Union. Each of them today understands the need for integration and the modernization of the union on a different basis. In any event we have to create a new type of association and a new economic form of relations. But we must coordinate our reforms in this regard so as to avoid the situation in which one country develops along the Kuwaiti path, another like Malaysia, and a third like Singapore. It is no coincidence that at the last meeting there were fewer comments about a Russian monopoly and Moscow's diktat. Everyone understood that we need each other, first and foremost as markets for labor, capital, and goods. There was less talk of politics and for the first time people began talking about a payments union.

Another step was taken toward rapprochement—the creation of an interstate economic committee. This is very important. By transferring some functions to that committee we ceded part of our sovereignty for the first time. Thus we have finally understood that our problems cannot be resolved on a bilateral basis and with the help of framework agreements alone. It is no coincidence that the Interstate Economic Committee will be based in Moscow.

[Bogachev] But Minsk was chosen as the CIS capital....

[Kazhegeldin] Yes, Mr. Lukashenka made that point strenuously. He was the only one to object to the decision. But tell me, why do we meet in different places every time? The center has always been in Moscow; it is customary and convenient.

Generally speaking, I think that the further a state progresses in its economic and political reforms the better it understands the processes of integration. Why was the discussion of the Agreement on the Payments Union so difficult? Some republics regard it with enormous alarm because the currency systems of, for example, Ukraine, Uzbekistan, and Belorussia [Belarus] are still only quasi-systems. But for us the problems of the payments union are resolved automatically—we have achieved a freely convertible tenge and our businessmen have been working with rubles [R] for a year now. In this regard I believe that Russia was right when it put the question in these terms: If you want to join the ruble zone feel free, but then you will have to be, say, a Belorussian oblast of Russia. Kazakhstan's attitude toward this agreement is very optimistic; and, what is more, we need the agreement.

[Bogachev] In that case do you accept the idea of becoming a Kazakh oblast? Your currency isn't the most stable either. And when I bring rubles to your country I may not feel as well off as in Ukraine, perhaps, but it is still a very pleasant feeling....

[Kazhegeldin] If you come back in a month or two you will not feel any advantage in owning rubles. However, the positive changes are already evident. After all, when the tenge exchange rate fell sharply here and our inflation rocketed to 40 percent a month our journalists claimed that the national currency had collapsed. But people refuse to see that the rate is climbing now. Today the tenge is trading at 66 Russian rubles in the market, yet it used to be worth only R28. In addition, this is the fourth month now that we have maintained the exchange rate without National Bank intervention.

As for your question about oblasts... You know, some politicians think that the sooner everything collapses, the sooner Kazakhstan will attach itself to Russia. On the contrary, the faster each Republic develops, the quicker integration will proceed. Economic ties will make all borders transparent and will remove the pretexts for chauvinism. Our countries will be together whatever this association is called.

[Bogachev] However, many experts believe that Kazakhstan should be oriented not toward Russia but toward the countries of Southeast Asia, Turkey, and China....

[Kazhegeldin] Perhaps one day.... But do not forget that we are linked to Russia by 300 years of community whereas with China we have had 1,500 years of highly strained relations. In addition, we have a 1,500 km border and a very powerful system of production sharing, and 80 percent of our exports are geared to Russia. But the main thing is that for us Asia is still not a market. Our markets are in Russia. We have to look toward the Urals and Siberia because that is precisely

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where Russia's future and, consequently, our markets are. And even though there is no money, we have to find some and invest it in one another's development.

[Bogachev] How specifically do you expect to attract Russian capital?

[Kazhegeldin] We have two ways right now. Number one—capital as a means of circulation and payment. Almost 80 percent of Kazakhstan's economy is linked to Russia, and our economic managers constantly need Russian rubles. Russian capital is already beginning to appear as a means of payment. Number two—Russian capital needs to boost its resources by taking part in further "capitalization." But the so-called "portfolio" privatization is coming to an end. Many enterprises which are due for privatization in stage two are linked to Kazakhstan's raw materials sector. So as early as 1995 free Russian capital will flow into Kazakhstan's raw materials base, albeit not as dynamically as in other countries. I am not just confident of that. We have already concluded several agreements on that score.

For example, we have reached agreement with Mr. Chubays on joint tenders for the sale of individual enterprises in Kazakhstan. Russian capital is already seeking raw materials in our country for the nonferrous and ferrous metals industry. I find this process encouraging because as it flows together capital erodes borders.

[Bogachev] What forms might this penetration take and which forms do you prefer?

[Kazhegeldin] First and foremost there is private capital, which find sits own path very easily. We are creating the legal basis for that and ensuring its protection. In spheres where the state has interests we will create large, transnational Russo-Kazakh financial-industrial groups. For example, we have already put to Russia an interesting plan for the sale of our petroleum industry's wholesale network. We in turn are interested in power stations in the Urals which we can supply with cheap coal.

There is another area—joint participation by Kazakhstan and Russia in developing the Karaganda gas field. In addition, we are conducting a large-scale geophysical exploration program on the Caspian shelf. The question of extracting and processing gas will soon have to be tackled. The best partner for us will be Russia, of course. There are a great many joint projects like that.

[Bogachev] How do you see the future of Russo-Kazakh relations?

[Kazhegeldin] They will be friendlier and stronger than before. The breakdown of economic ties is far more painful than political ties. We have not only experienced that pain, we have also understood its cause. I always say that if anyone tries to stop us entering through Russia's front door we will try to get in through the back window.

[Bogachev] What political forces in Russia do you think you can count on?

[Kazhegeldin] I am a pragmatist and for that reason I find the centrists more sympathetic. I am also counting on the support of the "healthy" section of the democrats, although generally speaking so far they have not succeeded very well in their creative activities.

[Bogachev] The former premier of Kazakhstan was strongly criticized for his pro-Russian orientation even if only because he is a Russian. However, if one were to assess his efforts from the standpoint of integration, this pro-Russian stance was not very obvious in what he actually did. The premier was very cautious. But your policy really does give the opposition grounds for criticizing your "pro-Russian sentiments." That will affect the popularity and prestige of the government. Are you not going to change your orientation?

[Kazhegeldin] After the tenfold rise in bread prices one newspaper published a collage. It show me holding a noose which, in the opinion of the authors, I wanted to place around my people's neck. I think that the kind of criticism you mentioned will increase. But I take a philosophical view of this—no matter how much they shout at the caravan it still goes on its way. Our way is towards the market and toward Russia.

[Bogachev] Journalists have called you the "Gaydar of Kazakhstan." Some say this because you are committed to a tough financial policy, others because you began by raising bread prices, and others still because they are sure that you will resign soon. In your view, is this description correct?

[Kazhegeldin] I think that normal people understand that no government wants to deliberately harm its fellow citizens. But at the same time I would be lying if I said that I did not support the "bread" measure. The question of unregulated bread prices dates back to 1992-1993. Had it been done then everyone would have forgotten about it now. But what happened is that two days after my appointment I went to parliament to defend the government's decision. On the other hand there is nothing in Kazakhstan now which could cause a price explosion.

The comment about the relatively tough policy is fair because we have fallen a long way behind Russia in implementing the reforms. But I am not frightened by the prospect of a short term of office as premier. This is normal. Everyone should do what he has to do and then leave. I will leave, too, but when I do I believe that our country will be different then.

Deputy Premier Sobolov on National Currency

LD1811175094 Almaty Kazakh Radio Network in Kazakh 1500 GMT 18 Nov 94

[FBIS Translated Text] Deputy Prime Minister Viktor Sobolov held a news conference today devoted to the first anniversary since the introduction of the national currency. Sobolov said that the introduction of the currency had shown in reality what costs society had to

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pay for various decisions made by the government. He stressed that the government and the republic's leadership are fully responsible for the general state of the economy.

The deputy prime minister spoke about the last year work results, which do not cause particular optimism. The economy continued to fall because of the structural decline in production. Prices have grown by 16 times. Sobolov said, that, however, the measures taken by the government allowed a decrease in the inflation rate by over four times. Even when prices for grain and sources of energy were deregulated, the overall sky-rocketing of prices did not take place despite forecasts made by some economists. This in itself can be called the first signs of stabilization.

He also said that the tenge exchange rate is also an indication on this matter. It is not falling too quickly against the dollar. Positive changes are being noted, and if we manage to strengthen this tendency, in six to eight months it will be possible to state the marginal stability of the tenge against the dollar. This in itself will quite improve stability of the economy and boost confidence of investors, especially of domestic investors.

When the tenge was introduced, an average monthly wage was $60-$65, but in April-May 1994 it fell to $25-$35. In recent months the government and the National Bank have put every effort and returned the former value, as measured in dollars, to wages. Currently, the average wage is increasing slightly ahead of increased prices. For this reason, Sobolov said, we should not be afraid that the price rise gives us hard times, as at the end of last year. In the deputy prime minister's opinion, to avoid such fluctuations, the government has to carry out a correct policy in the wages and incomes sphere. If we do not allow the tenge to fall lower, and we curb the inflation rate, we can hope that 1995 will become a beginning of, if not improvement, then at least stabilization of the living standards, Sobolov said.

Pro-President Movement To Become Party

LD1811175994 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 10 Nov 94 p3

[FBIS Transcribed Text] The Union of People's Unity of Kazakhstan [SNEK] is a public movement with a reputation for being a pro-president political force. How is the union doing in the current conditions and what tasks is it resolving? We discuss this with Sergey Aleksandrovich Dyachenko, the deputy chairman of SNEK's political council.

[KAZAKHSTANSKAYA PRAVDA] Sergey Aleksandrovich, SNEK recently held a plenum. What issues were discussed?

[Dyachenko] The plenum was a sort of yardstick for comparing the goals and methods of our work with today's realities. In my view, the report delivered by the political council's chairman, Kuanysh Sultanov, contained an objective assessment of the deepening crisis in Kazakhstan. The social and psychological mood of the population has deteriorated greatly; people distrust all the programs for the future which are offered by both the government and the various parties and movements. And this is quite understandable, because the reforms being carried out in the republic have led to a massive decline in production as well as to the impoverishment of the population. People have been made apathetic, and this is apparent in their declining political activity.

The plenum came to the conclusion that SNEK must increase its social orientation. The plenum participants backed the policy of closer integration between the newly independent former republics as well as President Nazarbayev's idea of forming a Eurasian Union.

We also intend to increase the influence we exert on the decisionmaking process in parliament and government. This is all the more the case since we have more levers of influence than any other sociopolitical organization. Judge for yourself: With its approximately 40,000 members, SNEK has established branches in all regions of Kazakhstan, won the largest number of seats in the Supreme Council, and formed a large faction there. By the way, the plenum also discussed making this faction more active.

SNEK still remains true to the ideals of interethnic harmony. At the plenum it was noted that interethnic discord is fed by "the market, red in tooth and claw." Any further delay in economic reforms could worsen people's lives and give the corrupt clans which obstruct the reforms an opportunity to play the ethnic card. To this end, SNEK not only voiced support for the idea of social harmony but also got down to practical work on this matter. For example, the East Kazakhstan and Akmola Region [SNEK] councils have already arranged for all the public organizations in the two regions to sign agreements on social harmony.

The issue of reforming our movement also arose at the plenum.

[KAZAKHSTANSKAYA PRAVDA] What does that mean?

[Dyachenko] We passed a decision to consider the issue of transforming SNEK into a party at the forthcoming congress. It is notable that the initiative came from the local organizations.

[KAZAKHSTANSKAYA PRAVDA] It is well known that the president is SNEK's leader. Is he still the leader?

[Dyachenko] Yes, he is. This is especially the case since it is not good policy for the head of state to rely only on the institutions of executive authority in a democratic society. He cannot manage without the support of sociopolitical forces.

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[KAZAKHSTANSKAYA PRAVDA] Why is there no unity between your movement and the People's Congress of Kazakhstan party? We know that your election platforms were essentially identical, as were your programs of action.

[Dyachenko] I think that you are being too categorical in saying there is no unity between us. Certainly, the election platforms of SNEK and the People's Congress of Kazakhstan were very much alike in the main, and so were the principal political programs of actions. For this reason we proposed to unite our efforts in a unified election bloc before the elections.

However, after the Supreme Council adopted the Code on Elections in the Republic of Kazakhstan it was clear that we simply had no right to do this, because candidates for the office of deputy were allowed to be nominated strictly by a specific public organization.

[KAZAKHSTANSKAYA PRAVDA] SNEK has not made much of a noise since the elections.

[Dyachenko] Yes, that's true. But look, political parties in civilized countries are not necessarily in a state of constant political activity. As a rule, they make themselves known just ahead of important political events.

[KAZAKHSTANSKAYA PRAVDA] Do the presidential elections constitute such an event?

[Dyachenko] Yes, preparations for the presidential elections will begin soon. I think there will be no shortage of ambitious politicians ready to take part in the competition for the presidential office.

[KAZAKHSTANSKAYA PRAVDA] What do you think about the People's Congress of Kazakhstan party having assumed the role of a "constructive opposition" to the president?

[Dyachenko] That is quite natural, and it was even expected given the present situation. That is as far as the "opposition" part is concerned. As for the interpretation of the "constructive opposition" as a concept, the best thing would be to ask the people who originated it, the People's Congress leaders. It is not for me to express the stance of SNEK, or even of its political council. I will just tell you my own opinion. We used to throw metaphorical slogans rather than rigorous concepts into the political ring. You will recall them: "The crucial year of the five-year plan period," "The thrift economy," "Acceleration," and finally "Perestroyka." In other words, nobody ever knew what anything meant. It is accepted in politics that the opposition is counter to the authorities. An opposition victory always means a change of policy and the destruction of everything that existed before. But here is a "constructive opposition." It is a third option, somewhere between locality to the regime and disagreement with it.

It seems that now is the time when the situation could be corrected by a process of decentralization of power, in other words regional self-government, where fresh new forces come to power. But the present situation, where everything comes together at the highest echelon of power, engenders a disregard for what is permissible and wide-scale opportunities for personal enrichment in the provinces. The people resent the fact that many people who have not even come to power yet are already thinking above all about personal gain rather than the country's future.

[KAZAKHSTANSKAYA PRAVDA] What do you think of the government's economic program?

[Dyachenko] We seem to have a vicious circle here. As we can see, reform theories are hard to get accustomed to. No mechanism which would allow large sections of the population to take some part in government, have some access to the sources of funding, and ultimately have some involvement in the process of reforms, has ever been stipulated or created.

And we can see that all the good intentions contained within the reforms contain always result in the now rapidly-growing divide between the elite and the main sections of the population. As for the existence of a middle class, there is no point in even speaking about it for the moment.

Coming to the program itself, in principle we think that the strategical orientation of the economic reforms is right. But we object to the delay in implementing the reforms, the inadequate thought given to the privatization process, and the resulting lack of public comprehension of this process. Nevertheless, our economic lag behind the Baltic republics and Russia is what we get for the slowness of these reforms.

In short, as far as the government's economic program is concerned I would say that I would like to believe it.

EBRD Plans To Invest In Kazakh Oil Pipeline

LD1811161694 Moscow ITAR-TASS in English 1426 GMT 18 Nov 94

[By ITAR-TASS correspondent Vladimir Akimov]

[FBIS Transcribed Text] Alma-Ata [Almaty] November 18 TASS—A delegation of the European Bank for Reconstruction and Development (EBRD) met with Kazakh Prime Minister Akezhan Kazhegeldin on Friday [18 November], KAZTAG news agency reported. The delegation expressed the EBRD's interest in the construction of an oil pipeline to supply oil extracted in the Caspian Sea.

Rold Westling, head of the Kazakh-Uzbek department of the EBRD, said the bank was ready to invest in the pipeline project with other participants and to act as a coordinator to implement the project.

The EBRD delegation informed the Kazakh prime minister about the results of the preliminary study of the projects to help the republic modernise the bank system and some enterprises.

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Westling focused on the development of hydrocarbon, gold and polymetal deposits in Kazakhstan. He noted that 200-230 million ecu would be granted to Kazakhstan if the projects were implemented. Westling said that the EBRD would grant 100 million ecu to Kazakhstan in the end of the year.

The EBRD delegation leader stressed the need to improve the legislation in the republic in order to protect foreign investments.

Republic Faces Serious Ecological Situation

LD1911134494 Almaty EKSPRESS in Russian 15 Nov 94 p 2

["Mafia Makes Millions by Fishing in the 'Toilet Bowl'"—EKSPRESS headline]

[FBIS Translated Text] Mafia makes millions by fishing in the "toilet bowl."

On Friday [11 November], the Supreme Council Committee on Ecology held parliamentary hearings on ecological problems in the republic. Svyatoslav Medvedev, the minister of Ecology and biological resources delivered a report entitled: "The ecological situation in Kazakhstan. Priority directions in the activities of the Ecology Ministry."

The report pointed out, inter alia, that the ecological situation in the republic remains very complicated despite the fall in industrial production.

The level of air pollution of the majority of industrial centers (primarily Leninogorsk and Almaty) is high. As before, the rivers and lakes of the republic are being polluted [the highest level of water pollution is in the rivers of the Irtysh river basin]. Zinc and lead pollution levels in the northern part of the eastern Kazakh region are high.

The systematic detection of areas with radioactive contamination of the soil on the territory of the republic is alarming as is the presence of sources of radioactive emissions in the walls of buildings and various structures. The minister cited several examples. A source of caesium-137 was found in the soil of the road network in Aktyubinsk. In the village of Shortandy [Akmola Region] two similar radioactive sources have been found. In nine schools in Aktyubinsk 43 radioactive sources have been discovered. The radiation situation is complicated by the colossal volume of radioactive waste with radioactive levels of 13 million curies and a mass of 233 million tonnes. By the way, only 28 percent of the planned financing of work on radiation ecology this year has been carried out.

The process of the degradation of the natural environment of the republic is continuing: Of 103 million hectares [ha] of pasture land studied, the process of desertification is occurring on 63 million ha. Around 15 million ha of pasture lands have lost their economic importance and five million ha of arable lands are exposed to wind erosion.

Forest tracts of conifers have been sharply reduced, their genetic reserves have been depleted and situations have arisen in forests that threaten fire safety and health (the area of places infested by harmful pests has increased by 250,000 ha. The situation is especially threatening in the north of the republic.)

The pressure of poachers on saigas [species of antelope] has increased and the numbers of muskrats, marmots, and other animals has decreased.

The level of inspection activities has increased (in 1993, 35,000 inspections were carried out), work at 428 sites was halted, and 336 cases were sent to the prosecutors's office. A total of 1,990 claims worth 280.7 million tenge have been made. However, the formation of the economic mechanism for the use of nature has considerably worsened recently in connection with the inclusion of nature protection bodies of different levels in the budget. The efficiency of the control and inspection services is decreasing considerably due to the insufficient provision of transport, weapons, communications and information, equipment and instruments for speedy analytical and laboratory control.

In view of the ecological situation, urgent measures are required for the protection and renewal and rational use of forest resources. The forestry committee has worked out a draft national program: "The forests of Kazakhstan" and submitted it to the Cabinet of Ministers. It is aimed at increasing woodlands in the republic from 3.8 percent to 4.6 percent by afforesting two million ha of land. The program envisages extension of the forest nurseries network, and setting up five selection and seed-growing centers and other measures.

Touching upon nature protection laws, Medvedev noted that it is necessary to adopt, among others, a law on an ecological expert commission. Now the Supreme Council is completing work on the details of the law. "With the help of this law we intend to solve the issues of financing any economic activity only upon a positive decision by the state ecological expert commission, and also issues of regulating nature protection planning and norm setting with the help of licensing." The most important area is the foundation of a scientific and expert base in the republic with the automatization of the whole process of state expert evaluation of projects and programs.

International activities in the ecological sphere have been stepped up. The international project entitled "Protection of the biological variety of the Caspian Sea and its coastal zone" has been developed and submitted to the World Bank. There is a serious intention to set up a center of ecological studies in Kazakhstan at which all scientific, technical and prelegislative activities will be carried out.

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"According to the budget the Ecology Ministry was to receive 302 million tenge in 1994. We actually received 129 million. The most important areas are being financed poorly: The sewage programs (43 percent of the required amount) and the ecological division into districts (7.5 percent). Repeated applications to the Ministries of Finance and Economy have not brought a positive solution. Next year we will need 6.2 billion tenge but only 1 billion is to be allocated," the ecology minister declared.

To answer the deputies' questions on fishing in the Sorbulak sewage basin, the minister told them the following: "Recently we carried out two spot-checks at risk to ourselves. We had to storm Sorbulak although it is not a fishing basin and it is outside our competence to check it. As a result of the raids we confiscated over 26 tonnes of fish, eight motor boats, 56 nets, and some weapons. They have not been claimed yet. After the raids a militia major from the Almaty internal affairs headquarters approached me and declared: 'If you try to carry out raids again you will have only yourselves to blame.' Today the mafia has just encircled Sorbulak. It is necessary to carry out powerful preventive measures there."

Touching upon publications in the media on "czarist hunts"—the illegal catching of falcons by Arabs, the minister said: "Neither I nor my deputy has given our permission to anyone to catch the birds. This is all done with the government's permission."

Kyrgyzstan

'No Question' of Russian Border Troop Withdrawal

LD1911144494 Bishkek VECHERNIY BISHKEK in Russian 17 Nov 94 p 2

[FBIS Translated Text] Statement by the press service of the Government of the Republic of Kyrgyzstan.

The material published in the city newspaper VECHERNIY BISHKEK on 7 November this year under the headline "Russia is great but will it have to retreat?" has indeed caused reactions among the public. As is known it reported that both Russia and Kyrgyzia [Kyrgyzstan] were ready to begin withdrawal of the group of Russian border troops from the territory of the Republic of Kyrgyzstan at any time.

Attempts by official structures—the State Committee for National Security and the Russian Embassy in Kyrgyzstan—to refute these claims in this newspaper failed, because their statements were not published in VECHERNIY BISHKEK (the statement of the embassy was published in full, the security committee's statement was published partially—editor). As a result there appeared more material with comments under the headline "Does Russia Need Kyrgyzstan?" on 14 November 1994.

In regard to this the government press service is authorized to state that according to the interstate agreement, which was concluded in October 1992 between the Republic of Kyrgyzstan and the Russian Federation on the status of border troops of the Russian Federation located on the territory of the Republic of Kyrgyzstan, it says clearly and precisely: "The Republic of Kyrgyzstan delegates questions of guarding the state border with China on its territory to the border troops of the Russian Federation in the interests of guaranteeing its own security and the security of the Russian Federation and the collective security of CIS member states." In this regard there are no problems on either the Kyrgyz or the Russian side, no questions have arisen and none will arise. That is why there can be no question of the withdrawal of border troops of the Russian Federation from the territory of the Republic of Kyrgyzstan because the two sides are carrying out their obligations in full and a policy of consolidation is being conducted between the states.

Akayev Deplores Nonexistence of CIS Bank

MM1811151194 Moscow RABOCHAYA TRIBUNA in Russian 18 Nov 94 p 3

[ITAR-TASS report: "'One Year Ago We Signed Documents on a Single Bank. Where Is It?' Askar Akayev Laments"]

[FBIS Translated Text] The union of three Central Asian states "is now in operation," Kyrgyzstan President Askar Akayev believes.

"We have at last obtained a mechanism for real economic unity," the Kyrgyzstan leader said. "We have a single bank, a customs union, and, most important, we have reached agreement on the use of transport routes. We must live and get out of the crisis together. There is no alternative: No one is expecting us on the world market, all the places there are taken."

Askar Akayev regretted that "this has not yet gotten through" to other CIS states. "One year ago, within the framework of the Commonwealth, we signed documents on a unified bank, but it is still not operating," he noted, adding that the idea of a single economic space remains unrealized.

As for the CIS-founded Interstate Economic Committee, the president called it "an utterly essential and vitally important organ of economic integration" and stressed that its activities will largely depend on its leader. "If the person is active and authoritative, as in the EC Commission, things will get moving, but if he is not, everything will be stalled, as before," he said.

Akayev Presses for Private Land Ownership

LD1911145894 Moscow INTERFAX in English 1344 GMT 19 Nov 94

[FBIS Transcribed Text] Saturday Kirghiz [Kyrgyz] President Askar Akayev told a conference of municipal

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leaders in Bishkek that private ownership of land must be introduced as soon as possible in Kirghizstan [Kyrgyzstan].

Akayev is confident that the successful realization of the Kirghiz reforms, in particular, land reform, depends on the introduction of private ownership of land. Procrastination could return Kirghizstan to totalitarian rule, he said.

Akayev understands why his opponents fear that as soon as private ownership of land is introduced, the uncontrollable sale of land will begin. He would allow land owners to sell land only five years after they acquired it and only to Kirghiz citizens and legal persons, with consent from a local Soviet and governor.

New Democratic Party Formed

LD1911150294 Bishkek VECHERNIY BISHKEK in Russian 18 Nov 94 p 2

[FBIS Translated Text] The democratic economists are getting ready for the assault.

The recently founded Democratic Party for the Economic Unity of Kyrgyzstan [Demokraticheskaya Partiya Ekonomicheskogo Yedinstva Kyrgyzstana] has announced its intention to fight for seats in the next Supreme Council [elections to be held in February 1995]. On the whole it consists of soldiers who fought in Afghanistan.

Little is known as yet about the political platform of the new party. Its chairman, A. Tashtanbekov, is said to have a specific plan for reforming the tax system, which he intends to propose to the government. But for the present the party's activities are being financed through sponsorship from the companies, Samat and Botages.

Debt Situation Halts Trade With Turkmenistan

LD1911094894 Bishkek SLOVO KYRGYZSTANA in Russian 16 Nov 94 p 2

[FBIS Translated Text] Again the matter of mutual payments has appeared high on the agenda in Kyrgyzstan, but this time with sovereign Turkmenistan. At this moment virtually all trade relations have been halted with this state (except for the omnipresent private traders).

As the government administration has noted, the debt of the Kyrgyz Republic to Turkmenistan is about $4 million, mainly for fuel and certain types of food. Turkmen industrial producers owe our state enterprises roughly the same amount. Their debt to Kyrgyz private entrepreneurs is a serious figure (more than $2 million).

The Turkmen side has informed the Kyrgyz side that until our debts are paid off (although Kyrgyzstan has a total positive balance) trade will not be resumed.

In the opinion of some political analysts Turkmenistan is becoming a closed state for many CIS countries (even Uzbekistan is no exception, where the tendency is also evident toward curtailing economic relations with Turkmenia). The idea has been expressed that this is happening not so much because of the economic turmoil and shortcomings in interstate trade affairs but simply to prevent the import of alien ideas of state policy pursued by its neighbors. The Kyrgyz Government is of a different opinion and takes the view that talks are the only way to cut the Gordian knot of the economic relations between the two states. With this aim a visit by a Kyrgyz government delegation, led by First Deputy Prime Minister Almambek Matubraimov, is being planned for the next two or three days.

Tajikistan

Iranian Foreign Minister Promises Aid to Opposition

MK1811121094 Moscow SEGODNYA in Russian 18 Nov 94 p 5

[Report by Mekhman Gafarly under the "Co-Religionists" rubric: "Tajik Opposition Leaders Meet With Iran Foreign Ministry Head"]

[FBIS Translated Text] The religious and ethnic closeness between the Tajiks and Persians makes it possible for the Islamic Republic of Iran not only to claim for itself the role of chief peacekeeper in the inter-Tajik conflict, but also successfully to perform it. On 16 November, Iranian Foreign Minister 'Ali Akbar Velayati met in Tehran with leaders of the Tajik opposition—Said Abdullo Nuri, Islamic Revival Movement of Tajikistan chairman; and Hoji Akbar Turadzhonzoda, his first deputy.

Your SEGODNYA correspondent has been told by Salim Ayubzod, chairman of the Association of Independent Journalists of Tajikistan, that having thanked the Iranian minister for the participation by high-ranking representatives of the Islamic state in resolving the Tajik conflict, the opposition leaders told him about the difficult conditions of Tajik refugees in Afghanistan, whose number is nearly 80,000. The opposition leaders complained that the world body and international charities have forgotten about these people and give them no support whatever. S.A. Nuri and H.A. Turadzhonzoda asked the Iranian Foreign Ministry head to assist in resolving this issue. According to Mr. Ayubzod, Mr. Velayati not only promised to give assistance to the Tajiks on the international scene, but he also stated Iran's readiness to provide medicine and food for an Afghan refugee camp, "Amirabad," located between the cities of Talukan and Qondoz. The Iranian side also promised to open in this camp, which holds 19,000 Tajik refugees, a school and a hospital and to send, if need be, those seriously ill to Iran for treatment.

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Tajik, Afghan TV, Radio Sign Cooperation Agreement

LD2011100194 Dushanbe Radio Tajikistan Network in Tajik 0800 GMT 20 Nov 94

[FBIS Translated Text] Yesterday, an agreement on cooperation between radio and television of the Republic of Tajikistan and radio and television of the Islamic State of Afghanistan was signed. The agreement was signed by Ibrohim Usmonov, the chairman of the State Committee for Radio and TV, and Dilju Husayni, the minister of culture and information [name and title as received] of the State of Afghanistan. The agreement envisages further developing cooperation between these two nations.

Ato Hamdam, the minister of culture of the Republic [name and title as received], and other officials attended the ceremony.

Rakhmanov Speech at Opening of Parliament

LD1811130494 Dushanbe Radio Tajikistan Network in Tajik 0645 GMT 16 Nov 94

[Speech by President Emomali Rakhmanov at first session of Tajikistan Parliament in Dushanbe—live]

[FBIS Translated Text] Esteemed representatives of the people, honorable people of Tajikistan, dear guests: A great event took place in the history of the Republic of Tajikistan on 6 November. For the first time in the 1,000-year history of their state, the Tajik people approved the Constitution of Tajikistan by a nationwide referendum and elected the president of the Republic.

The active participation of the citizens of the entire Republic in all the important political campaigns is a great achievement and a victory for democracy in Tajikistan. I assure you that the day of the election and the adoption of the Constitution turned into a real festival of friendship and fraternity in this multiethnic republic, a festival of national people's unity and accord among Tajikistan's people.

Thus, the most important period in the implementation of the political reforms has been completed. For the first time the people of Tajikistan have adopted a legal document which expresses the will of all of Tajikistan's inhabitants. From the historical point of view, if 16 November 1992, the date of the 16th Supreme Council session, occupies a worthy place in our country's history, representing as it does the beginning of the stabilization of the legitimate state and the creation of the Constitution, then 6 November this year, as well as 16 November—today's session of the Supreme Council—will remain for ever in modern history as the day the first Constitution of the sovereign state was adopted and the unity of nation and state were manifest.

The main orientation and importance of this Constitution are that it was approved not by a certain group of people, but by everyone in the country. The majority of the population of Tajikistan lent their support in voting for it. That was our greatest achievement. I would like to take this opportunity to express my heartfelt gratitude to all citizens of the Republic who took part in the adoption of the Constitution and in the presidential election, and who generally strove for the future of the Republic. I have received hundreds of congratulatory telegrams from heads of states as well as from people in our republic. Today, too, many comrades have made speeches in this hall, spoken warm words addressed to me, and voiced their congratulations and good wishes. Once again I express my gratitude to all of them, and to all of you. I shall try to be worthy of these remarks.

The president of Tajikistan is the personal guarantor that the Constitution is implemented. As president, I assure you that I will safeguard the rights and liberties of the citizens, the territorial integrity of the Republic, and the national unity, peace, and tranquillity of the Republic.

I will repeat what I said two years ago. I will sacrifice my body and soul for my nation, and will not withhold anything from my people. The people are like a huge mountain, and I will rest on them as I serve the prosperity of my homeland. I have to say that we have traversed a difficult historical path. It was a terribly hard and difficult task. Now that the Constitution has been passed and the president elected a new phase has begun in our country's modern history, and favorable conditions have arisen for raising the living standards of the people of Tajikistan, improving their welfare, and continuing the economic reforms.

All state activity will be implemented within the framework of the Constitution. Everyone must have a sense of responsibility; everyone, from the ordinary worker to the head of a ministry, must be engaged in honest work. Only honest and fruitful work can lead our society out of its grave economic and social crisis. There is no other way. The Republic's current political situation not only provides us with an opportunity to resolve economic issues, but also requires us to accelerate the rate of economic change. This is because we cannot get out of deep crisis without changing all economic sectors. These changes, like the sectors themselves, must encompass all areas. The main areas for these transformations were clearly set out in my election program, and I shall seek to implement all of them for the benefit of the Republic's inhabitants.

Above all, we must put into effect a very profitable system of administration within a very short period. We must acknowledge that the system of ruling the economy is disjointed, and that all shortcomings and mistakes are derived from this. In the last two years the Supreme Council and Council of Ministers have approved good resolutions, but the bureaucratic administrative body, which is continuously increasing in size, does not carry out its duties and sometimes prevents work from being implemented. Most ministries, enterprises, and local authorities are operating under the old methods and do

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not take cognizance of one important thing: that the transition to a market economy demands knowledge, ability, new thinking, and advanced methods of running the economy.

We intend to rely on the Constitution approved by the people to create an advanced system capable of ensuring comprehensive management of the economy.

In the light of this, a system of management will be applied, both in appointing chairmen in the regions, towns, and districts, and in appointing heads of state enterprises and plants. This means that the heads of industrial plants will be appointed according to the principles of professionalism and responsibility, and not according to local or regional interest.

State plants are the property of the people, and belong only to them, not to individuals or clans who have become owners of wealth. The ruling system must clarify and lay down the rights and responsibilities of the central republican bodies and of local government. Only thus will the principles of accountability for officials and effective work by them be ensured.

The primary economic problem, without resolving which we cannot move into a market economy, is the problem of Tajikistan's monetary system. It is impossible to speak of Tajik independence until we resolve this important problem.

As a steadfast supporter of unifying our monetary system with Russia, I will do my best to ensure that this problem is totally resolved. We must develop a financial policy which promotes favorable conditions for expanding production, in particular the manufacture of consumer goods, which attracts foreign currency, and which advances small businesses and private entrepreneurs. The state's monetary system cannot exist without increasing the amount of industrial output and agricultural products, as well as of goods which are important to the domestic market.

In the present commercial economic conditions the status of the national bank must be a very high one. Stock exchanges must be set up and firm foundations created for a securities market immediately, regardless of how the problem of entering the ruble zone is resolved. There will be strict supervision of imports and exports and of commercial banks's funds. To achieve this a special committee is to be set up under the president's office. It will be charged not only with exerting strict control but also with coordinating cooperation with foreign countries. Taking into account the experience of other CIS countries which have moved over to a market economy earlier than us we must implement a number of measures to regulate prices.

The formation of various forms of economic management occupies prime place in our economy. We will develop different forms of ownership while keeping in mind the specific features of the Republic. Equal conditions must be created for state and private ownership. The experience of the rest of the world shows that various forms of ownership develop in the light of the particular territory involved and the prevailing conditions in a given advanced society.

It is important to create favorable conditions to expand the private sector as soon as possible, particularly in the agricultural industry but also in other areas of production, so that they can compete with state enterprises.

For the foreseeable future the state sector will retain a significant position. Given this, steps must be taken to lend state enterprises a commercial atmosphere. Finally, another very important condition is to develop measures and define ways for the state to participate in economic transformations and management.

The difficult task of leading the Republic out of its current economic crisis and implementing changes in this field creates very responsible tasks for the Republic's leaders. I am certain that there are experienced specialists, scientists, and businessmen in our Republic who are known not only within the Republic but also abroad. We will develop all the steps needed to lead our dear republic out of its economic crisis by engaging everyone's efforts.

With this intention in mind we will focus all our actions on implementing democracy and the law equally for everyone. We will create supervisory bodies which will watch over the law in the country and reduce any lawbreaking.

Above all, we must deal with the problem of disarming people without fail in order to create the conditions for free and democratic activity. This issue has many aspects to it, and it is not a new problem.

I want to mention another related problem, that of legal specialists and the law-enforcement agencies. Safety, security, and respect for human and civil rights, equality for all before the law, and ensuring the primacy of law represent one of the president's main duties. I fully recognize that the law-enforcement bodies and the national Army are the reflection of any state. The employees of these agencies are the representatives of the state and act on its behalf. As we now possess more appropriate conditions, resolute steps should be taken to purge the law-enforcement agencies and national army of incompetent personnel.

We will develop all the measures needed to root out undesirable phenomena such as crime, theft, and bribery in society. The solution of these and other problems is closely bound up with the selection and appointment policy applied to officials, not just in the administrative bodies but also in the economy as a whole. The government will pay serious attention to all aspects of this important problem.

In the last two years I have met different kinds of workers, from ordinary specialists to ministers. Some

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worked honestly, others did not. Some were not anxious to work, others were sitting and waiting for something. I respect everyone and know that it take 10 to 15 years to educate a specialist, but any specialist who does not serve his people and does not want to work for their benefit is alien to me.

Tajikistan is a homeland for all who live there. As president, I guarantee free use of the Russian, Uzbek, and other languages in Tajikistan and the obligatory study of Russian in all schools in the Republic, as the language for communication among all nations.

We have said before and can say once again that the doors of the Republic of Tajikistan are open to cooperation with everyone in the world. We are ready to cooperate sincerely with every country which wants to cooperate with us if this cooperation is in keeping with the requirements of our Constitution and international standards.

We will continue our economic, political, and cultural relationships with the CIS countries, above all with the Russian Federation, Uzbekistan, Kazakhstan, Kyrgyzstan, and Turkmenistan, with which we have been linked for many years and with which we have unbreakable ties. We are also ready to raise this cooperation to a new level.

We will make efforts to strengthen interstate relations with all the world's states, international, and regional organizations for the benefit of peace and tranquillity in the world. As a member of the United Nations we will observe and respect all international legal resolutions and norms, the UN Charter, the CSCE, and other respected world organizations.

Esteemed deputies, the forthcoming year, 1995, will be an unforgettable one for the all people of the world. In 1995 the United Nations will celebrate its 50th anniversary. The Tajik people will also celebrate the 50th anniversary of the victory over fascism together with the progressive peoples of the world.

We hope that 1995 will be a year of peace and wisdom in the Tajik land. With this intention we will continue political negotiations.

Another phase in the legal and political reforms of our country is to be completed at the beginning of this year. We will hold elections of people's deputies and elect the Supreme Assembly on the basis of the Constitution. I hope this upcoming important political event will form a foundation for our unity, a unity based on a democratic and constitutional state ideology.

If the people do not lend their support, the best-laid plans and ambitions, dreams, and ideals will remain mere pieces of paper. In this context I once more take this opportunity to appeal to my dear people to be unanimous and united in these crucial days. Let us struggle as one for the development of our homeland, for our children's happiness. Let us forgive each other's guilt for the sake of a better life for today's rising generation. Let us open our hearts to our friends for the sake of the integrity of the dear homeland and for the sake of our good name. Let us seek to get out of the crisis and put the interests of country and nation above personal interest.

I am quite sure that my dear people and all the inhabitants of the Republic will spare no effort or enthusiasm in implementing this good dream and wish. Thank you.

Uzbekistan

President Receives Japanese Business Delegation

LD1811093594 Tashkent Uzbekistan Television in Russian 1400 GMT 17 Nov 94

[FBIS Translated Text] Today [17 November] President of Uzbekistan Islam Karimov received Tadzuo Nishida, the managing director of the major Japanese Sumitomo Corporation.

Greeting the guests, our head of state noted that Uzbekistan is interested in long-term cooperation with Japan. He stressed that the visit that an Uzbek state delegation paid to Japan in May this year gave additional impetus to bilateral cooperation. The president noted with satisfaction that in June 1994 the Sumitomo Corporation opened a representative office in Tashkent and established a close relationship with its Uzbek partners.

Sumitoma Corporation is one of the most influential corporations in the world. Last year it had a turnover of $150 billion, while the Sumitomo Bank was number one worldwide in terms of capital. The company has already supplied Uzbekistan with chemicals worth $2 million and oil extraction equipment worth $10 million.

President Karimov noted that we still have great possibilities for expanding our cooperation further. He received with satisfaction the news that the Japanese are to take part in developing the Kokdumalak and Mingbulak oil deposit projects. Nishida thanked the president for the warm and cordial reception, and underlined his interest in developing business ties with Uzbekistan. He said that the Japanese-Uzbek economic cooperation committee is active in Japan, and expressed confidence that this visit would serve to boost contacts between the two countries still further.

Uzbek Deputy Prime Ministers Otkir Sultanov and Kayim Khakkulov and Ukeru Magosaki, the Japanese ambassador extraordinary and plenipotentiary in Uzbekistan, took part in the conversation.

Today, the Sumitomo Corporation delegation members also visited the Uzbek Cabinet of Ministers. During the conversation that took place there Deputy Prime Minister Sultanov expressed satisfaction, on the government's behalf, with the ties that are developing with the Japanese business world. He noted that further development of mutually advantageous ties would be in the interests of both sides. The guests expressed a number of

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interesting proposals concerning, for example, organizing training visits to Sumitomo enterprises for Uzbek specialists, expanding relations in the sphere of mineral extraction in Uzbekistan, setting up tourist exchanges, and getting some other leading Japanese companies involved in cooperation with our republic.

The representatives of the Sumitomo Corporation expressed their desire to take part in developing oil and gas deposits and setting up joint ventures in the area of tourism. Deputy Prime Minister Sultanov singled out Uzbekistan's processing industry, which is in need of modern technology, as one of the possible and most promising areas for cooperation. Other matters of mutual interest were touched on during the meeting.

The Sumitomo Corporation is continuing to look at life in our republic. For example, the guests today visited a number of corporations and committees. Ways toward further cooperation were outlined during the talks.

The group of Japanese industrial financiers led by the company's executive director Tadzuo Nishida, visited the Uzbek National Oil and Gas Corporation and met its leaders. Matters relating to supplying the Uzbek side with the technical equipment it needs to extract oil and gas were discussed during the talks. The Mingbulak oil deposit was also discussed. The delegation members expressed their readiness to prepare a complete draft of a project for an oil- refining enterprise, and to provide investments to help build it. This met with approval from the Uzbek side.

[Begin Nishida recording in Japanese with superimposed Russian translation; identified by caption] The main aim of our visit to Uzbekistan is to establish mutually advantageous ties and good-neighborly relations. We are ready to extend invitations to young Uzbek specialists and pass on our experience to them.

We have great potential for strengthening Japanese-Uzbek relations, including cooperation in tourism. During our visit we hope to visit the ancient and historic cities of Bukhara and Samarkand. [end recording]

Government Resolution on Foreign Trade

LD1811185294 Tashkent NARODNOYE SLOVO in Russian 18 Nov 94 p 1

[Resolution of the Cabinet of Ministers on improving foreign economic activities in the republic and reorganizing the Ministry of Foreign Economic Relations]

[FBIS Translated Text] With the aim of increasing the effectiveness of foreign economic relations and export and import activities in the Republic of Uzbekistan, the Cabinet of Ministers resolves:

1. Responsibility is placed on the Ministry of Foreign Economic Relations of the Republic of Uzbekistan for:

- Analysis of international markets of goods and services and forecasting trends in their development;
- Working out strategies in the following spheres of foreign economic activities—goods, scientific and technical, prices, selling, advertisement, and information;
- State regulation of foreign economic activities in the Republic;
- The export of state and centralized resources, and the creation of the necessary conditions for increasing the effectiveness of Uzbekistan's export potential;
- Carrying out state orders for the import of goods and products for state needs.

2. With the aim of decentralizing export and import operations it is to be recognized as expedient to take the following organizations out of the system of the Ministry of Foreign Economic Relations and transfer them to the following:

- The republican self-financing foreign trade association Uzdonimpeks [Uzbek import and export of grain] to the state joint-stock corporation Uzkhleboproduct [Uzbek bread products];
- The republican self-financing foreign trade association Uzprodimpeks [Uzbek import and export of foodstuffs], and Interaloka [foreign relations] to the state association Uzbeksavdo [Uzbek trade];
- The republican self-financing foreign trade association Uzmedimpeks [Uzbek import and export of medical goods] to the state joint-stock company Dori-Darmon.

The Ministry of Foreign Economic Relations of the Republic of Uzbekistan is within a month to prepare a dividing balance of export and import quotas, assets and liabilities of current foreign trade operations, and also the property of the above foreign trade associations.

3. The accountability for the unconditional fulfillment of the tasks envisaged in the state export program is to be increased for those republican enterprises and organizations whose products are included in the state export program. Enterprises and organizations are to provide the Ministry of Foreign Economic Relation with information about the export of goods, works and services for state needs. The Ministry of Foreign Economic Relations is to sum up the above materials, and once a week submit it to the Ministry of Finance.

4. The State Committee for Statistics and Forecasting, the Ministry of Finance, and the Ministry of Foreign Economic Relations have 10 days in which to submit to the Cabinet of Ministers a prediction for exports and imports for 1995 for the entire Republic, as well as the main parameters of the republican currency fund for 1995 on revenue sources and fields of expenditure.

5. It is established that as of 1 January 1995:

All money in hard currency obtained by exporting state and centralized resources, less expenditure (transport, insurance, commission, and others), must be sold to the Central Bank of the Republic of Uzbekistan.

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This money is sold according to the existing regulations through the Republican Currency Exchange.

6. The Ministry of Finance of the Republic of Uzbekistan has two weeks:

- In which, in conjunction with the Ministry of Foreign Economic Relations and the Central Bank, to work out and approve regulations on the procedure for mutual payments for export and import operations for state needs;
- In which, in conjunction with the Ministry of Foreign Economic Relations, to determine the procedure for mutual payments by customers of imported products with the Ministry of Foreign Economic Relations in the use of foreign credits.

7. The Ministry of Foreign Economic Relations is to submit within a month a financial account on the use of export resources allotted in 1993 and 1994 to the Cabinet of Ministers, and a copy of it to the Ministry of Finance.

8. To reduce from 1 January 1995 the list of quota and licensed goods, works and services, but quotas and licenses for the export of strategically important goods are to be preserved in accordance with Appendix No. 1. Contracts to export the above goods are to be registered at the Ministry of Foreign Economic Relations.

9. The structure of the Ministry of Foreign Economic Relations of the Republic of Uzbekistan is to be confirmed in accordance with Appendix No. 2. The maximum number of employees of the central apparatus of the ministry and its regional representatives with the appropriate salary fund is to be set at 416 people (excluding security guards and service personnel).

10. The Ministry of Foreign Economic Relations of the Republic of Uzbekistan is to present within a month to the Cabinet of Ministers proposals:

- On introducing amendments and addenda to the regulation on the ministry that arise from this decree;
- On simplifying the procedure for conducting expert analysis of export-import contracts;
- On simplifying the procedure for registering the participants in foreign economic relations;
- In conjunction with the state joint-stock company Uzbekistan Railways, the national air company Uzbekistan Airlines, and the State corporation Uzavtotrans [Uzbek Vehicle Transport] on coordinating transport for foreign trade and passenger transport, taking into account international norms and rules;
- In conjunction with the Ministry of Finance, the State Committee for Property, and the Ministry of Justice of the Republic of Uzbekistan on simplifying the procedure for the creation and state registration of enterprises with foreign investments.

11. In statistic reports on foreign economic relations the State Committee for Statistics and the State Tax Committee of the Republic of Uzbekistan should separately outline data on exports and imports for state needs.

12. That the proposal by the Ministry of Finance of the Republic of Uzbekistan be accepted on creating a special subdivision in the structure of its central apparatus for accounting for and supervising the use of loans in hard currency, as well as a centralized accountancy structure for accounting for hard currency by increasing the number of central apparatus staff of the ministry by 25 people from 1 January 1995.

13. That Point 3 of the decree of the Cabinet of Ministers of 26 March 1992 on reorganizing the activities of the Ministry of Foreign Economic Relations of the Republic of Uzbekistan, which confirms the structure of the ministry and Appendix 3 to the decree of the Cabinet of Ministers of 25 March 1994 on measures to regulate foreign trade operations, should be recognized as having lost their legal force.

14. Deputy Prime Ministers Otkir Sultanov and Bakhtiyar Khamidov are responsible for supervising the implementation of this resolution.

[Signed] Islam Karimov, chairman of the Cabinet of Ministers

Tashkent, 17 November.

Nomination of Parliamentary Candidates Concluded

LD1711224794 Moscow INTERFAX in English 2142 GMT 17 Nov 94

[FBIS Transcribed Text] The nomination of candidates of the deputies of Uzbekistan's parliament has been concluded.

According to the Republic's Central Election Committee, there has been registered as many as 643 candidates in 250 electoral districts, among them 247 deputies from Uzbekistan's Popular Democratic Party, 146 candidates from the Vatan Tarakkieti party (Progress of Fatherland), and 250 candidates from the representative power bodies.

A total of 62 of 643 candidates are deputies of the present Supreme Soviet. Among them are 50 women, 438 members of Uzbekistan's Popular Democratic Party, 115 members of the Vatan Tarakkieti party, as many as 173 people are younger than 40 year old.

In the near few days lists of the candidates are to be published in the local press then they can start their election campaign.

The UN mission in Tashkent reported to iNTERFAX that this organization would sent its representatives to the parliamentary elections in Uzbekistan at the request of the Republic's government. The republic's leadership has also invited the American non-state organization International Fund for Elections to help Uzbekistan in elections in accordance with the international principles and norms.

The elections of the country's new parliament are scheduled for 25 December.

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Armenia

Premier Addresses Parliament Session on Economy

LD1811202094 Moscow INTERFAX in English 1704 GMT 18 Nov 94

[From the "Presidential Bulletin" feature: by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Prime Minister Grant Bagratyan was confident that once it received foreign credits in 1995, Armenia's movement towards a market economy will become irreversible and the country will enjoy the fruit of the reforms carried out over the last four years. IF Note: The International Monetary Fund pledged nearly $50 million in 1994 for a program calling, in particular, for price liberalization. The IMF is expected to make the same amount available to Armenia in 1995. Armenia expects to have $150 to $200 million from other international financial organizations.

Bagratyan told an extraordinary session of parliament which is to approve the program that one advantage of the program was that Armenia would have a balanced budget. It will amount to $120 million in 1995 and $150 million in 1996. (IF Note: It was $90 million in 194).

Speaking of an overhaul of the taxation system, Bagratyan emphasized the need to align the prices in Armenia with the international prices. He promised that the living standards would not fall. Bagratyan expected the real wages to fall during the first 10 days of December but "later on everything will stabilize." He said that the price rises would stay within five to seven percent.

Bagratyan said that the Armenian foreign debt of $50 million would be paid in 1995.

The new economic program will be launched on December 1.

Economic Reforms Program Approved by Parliament

NC2011102594 Yerevan SNARK in English 1620 GMT 19 Nov 94

[FBIS Transcribed Text] Yerevan, 19 November (SNARK)—Ending three-day debates, the Armenian Parliament has approved today the government program of economic reforms.

By having voted for issue of a large credit to government by the Central Bank, the deputies actually approved the economic program according to which there will be a 10-time price increase for bread beginning from December 1. This step will allow Armenia to obtain a total $500 million credit from various international financial organizations and donor-states.

President Levon Ter-Petrosyan announced that he assumes the whole responsibility for implementation of the government program. By his words, as a result of this program - developed jointly with IMF specialists - there will be price growth and fall of national currency rate.

"However I guarantee that situation will be stabilized after three [item received incomplete]

President Takes Responsibility for Economic Program

LD1911230594 Moscow ITAR-TASS World Service in Russian 1710 GMT 19 Nov 94

[By ITAR-TASS correspondent Tigran Liloyan, ITAR-TASS correspondent]

[FBIS Translated Text] Yerevan, 19 Nov—After a heated three-day debate, the Armenian parliament today effectively approved the government's economic program which was drawn up with the assistance of the International Monetary Fund (IMF). Speaking this evening at an emergency session of the Armenian Supreme Council, Armenian President Levon Ter-Petrosyan said he will be personally responsible for implementing the program.

The president noted that the government's new economic program is a continuation of the course pursued by the Armenian authorities in the past few years. Liberalizing prices, streamlining taxes, stabilizing the national currency, reducing the budget deficit, encouraging privatization, abolishing subsidies and tax benefits—all these policy elements have been and are still being pursued in the Armenian economy, the president said. Answering criticism from the opposition, he emphasized particularly that the Armenian leadership has not been under any pressure in drawing up the economic program. The IMF's only demand was that the loans granted to Armenia should not be spent on consumption needs but should instead be used for specific objectives of market reforms. L. Ter-Petrosyan described the international aid as a success of the Armenian authorities, "the oxygen" that will make it easier to carry out economic changes, create full-fledged market relations in Armenia, and balance the national economy.

According to the president, foreign support in the implementation of the Armenian Government's economic program will yield $500 million that will go toward increasing the budget for education, health care, and construction and toward creating tens of thousands of new jobs.

L. Ter-Petrosyan pledged that a stabilization of the Armenian economy will be achieved within three months. Otherwise the president's opponents will have a great chance in the parliamentary elections next May, the head of state said.

Among the factors that contributed to the West's readiness to grant credits to Armenia, the president mentioned four years of stability in Armenia, the success of

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democracy in the republic, and the Armenian authorities' consistency in carrying out reforms. L. Ter-Petrosyan noted that the Armenian side had succeeded in persuading the IMF of the need for a gradual increase in bread prices.

Opposition Politician Believes Leaders Executed

NC1811211594 Yerevan Radio Yerevan International Service in Armenian 1930 GMT 18 Nov 94

[FBIS Translated Text] The press accounts on the escape of four political prisoners, including the former defense minister Rahim Gaziyev and Talysh rebel leader Alikram Hummatov, from the National Security Ministry's isolation ward in Baku do not conform with reality.

This was stated by telephone by a member of the Azerbaijani Social Democratic Party who preferred not to be present personally. According to him, it cannot be ruled out that all the four prisoners have been executed at Aliyev's orders. The representative of the Azerbaijani opposition also indicated that the prisoners were being kept in separate cells in the isolation ward under strict control, and even the very thought of breaking out from there would have been absurd. They were to stand trial soon, but the undesirable possibility that the opposition figures could have become martyrs in the eyes of the people and the latest developments in the domestic situation in Azerbaijan forced Aliyev to change his previous position on the trial.

Opposition Party Member Arrested in Yerevan

NC1911175294 Yerevan SNARK in English 1209 GMT 19 Nov 94

[FBIS Transcribed Text] Yerevan, 19 November (SNARK)—National Self-Determination Union (NSDU) member, Bagrat Khurshudyan, has been arrested by police in Yerevan at 11 am today, while announcing by loudspeaker of the next meeting called upon by three oppositional parties that demand President's resignation.

The car used by Khurshudian has been tugged by police to the penalty site, NSDU spokesman told SNARK. The Union leadership demanded immediate release of Khurshudyan.

Azerbaijan

U.S. Companies Against Iran Developing Oil Fields

NC1911133094 Baku TURAN in English 0922 GMT 19 Nov 94

[FBIS Transcribed Text] Baku (November 19) TURAN—American oil companies, members of the oil consortium for development of Azeri, Chirag and Guneshli oil-fields, sent the letter to the SOCAR [State Oil Company of Azerbaijan], in which they negatively assessed Iran's participation in the consortium, a source from the SOCAR told TURAN agency. The letter reads that cooperation with Iran is impossible due to the current U.S. legislation, which bars American companies from establishment of any contacts with Iran, the same source reports. American companies suggest conclusion of bilateral agreements between SOCAR and Iran's oil company outside of the consortium.

However, the SOCAR and representations of the oil companies in Baku neither acknowledged nor refuted the information about the letter.

Having returned from Azerbaijan on November 12, Iran's Oil and Energetic Minister, Gholam Reza Aqazadeh-Kho'i [title as received], said in Tehran's airport that he signed the agreement concerning Iran's participation in development of oil-fields in Azeri section of Caspian Sea in Baku.

On November 14 the SOCAR distributed press-release, which reads that the agreement has been achieved and the document concerning Iran's participation in development of Azeri, Chirag, Guneshli oilfields has been signed on November 12. The SOCAR reports that Baku abated a quarter of its 20 per cent share in the contract to Iran in exchange for Tehran's financing the remaining part of Azerbaijan in the project worth $1.4 billion. However, during his last press-conference on November 15, the speaker of Azeri Parliament, Rasul Guliyev, said that Iran and Azerbaijan did not sign the agreement but the protocol on intentions and the issue concerning Iran's participation in the consortium are yet to be discussed with western companies.

Experts consider that Baku is likely to conclude a special agreement with Tehran, which will settle all legal, economic and political issues concerning Iran's participation in the development of oil-fields.

The consortium of companies for development of the above-mentioned oil-fields together with the SOCAR includes five American companies AMOCO, UNOCAL, Pennzoil, McDermott, RAMCO as well as British-Norwegian alliance BP-Statoil, Turkey's state oil company - Turkish Petroleum, Russian Lukoil company and Saudi Arabia's DELTA oil company.

President Aliyev Meets With President Yeltsin

NC1811142994 Baku TURAN in English 0907 GMT 18 Nov 94

[FBIS Transcribed Text] Moscow, November 18 (TURAN)—Yesterday President Aliyev met with Russian President Boris Yeltsin.

The sources from the Yeltsin administration told Turan's correspondent that during the meeting the issues concerning bilateral relations between Russia and Azerbaijan, settlement of the Armenian-Azerbaijani conflict as well as cooperation in the field of oil extraction in the Caspian basin have been discussed.

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President Yeltsin positively assessed six-month-old cease-fire regime in the conflict zone. At the same time he stands for quick achievement of political agreement, which will strengthen cessation of hostilities between the warring parties and will put an end to the Armenian-Azerbaijani conflict. Boris Yeltsin said that Russia must make every efforts to solve Karabakh conflict.

Azeri President expressed satisfaction with Russia's peace-keeping mission in the region. President Aliyev explained Azerbaijan's position to the conflict settlement - the Azerbaijani Government agrees to discuss the issue concerning political status of Nagorno-Karabakh after withdrawal of Armenian troops from Azeri territories.

During the meeting both presidents said that Russia and Azerbaijan must develop and strengthen their ties and cooperation in different fields.

It has been mentioned that celebration of 500th anniversary of Azeri poet and philosopher, Muhammed Fizuli, in Moscow confirms Russia's friendly and good-neighbourly relations and its interest to Azeri culture.

Yesterday at night President Ali [item incomplete as received]

Aliyev Comments on Yeltsin Talks

NC1811151694 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1300 GMT 18 Nov 94

[FBIS Translated Text] The development of Russian-Azerbaijani relations on the basis of mutual respect and advantageous cooperation suits the interests of both countries. This idea was once again confirmed during President Geydar Aliyev's Moscow visit and his high-level meeting with the Russian leader Boris Yeltsin.

[Begin recording] [Correspondent Qullu Muherremov] There is a mutual desire both in Baku and Moscow for normal development of cooperation between Russia and Azerbaijan at the present historic turning point. However, the differences arise from the fact that Moscow and Baku view this cooperation in different lights. This is the reason for some of the glaring disagreements between the two countries in recent years. However, it is now fortunate that the ice between the two countries is steadily thawing; and, mostly thanks to President Geydar Aliyev's efforts, these relations are now being placed on a foundation of mutual and advantageous cooperation. In this sense, Azerbaijani president's official brief visit to the Russian capital on 17 November and his talks there could be viewed as an important step forward in the increasingly crucial relations between the two countries.

The Azerbaijani president was welcomed at Moscow's [name indistinct] airport by Albert Chernishev, Russian deputy foreign minister; Russian Ambassador to Baku Valter Shonia; Azerbaijani Ambassador to Moscow Ramiz Rizayev, and other officials.

A few hours later, formal talks started between Russian President Boris Yeltsin and Azerbaijani President Geydar Aliyev. A number of problems of mutual concern, including the expansion of the economic and trade relations and upgrading cooperation in industry and transportation, were discussed during the meeting.

Also, detailed views were exchanged on the Azerbaijan-Armenian conflict and ways to conclude the Major Political Agreement aimed at resolving that conflict. Geydar Aliyev drew Boris Yeltsin's attention to Azerbaijan's position on important matters regarding this agreement.

[Aliyev] We exchanged views on the Karabakh problem. During my meeting with Boris Yeltsin on 21 October we had again exchanged extensive views on this problem. We held extensive talks on this matter today as well. And, I feel that after each talk, the Russian president shows increased interest in this problem. He has some views on tangible measures regarding this problem. We agreed that we will continue contacts and exchanges of views.

[Muherremov] During his brief visit to Moscow, the Azerbaijani president found an opportunity to participate in the celebrations organized in the Russian capital to mark 500th anniversary of poet Muhammed Fizuli.

Azerbaijani President Geydar Aliyev returned to the homeland this morning. He was received at Bina airport by Chairman of the Supreme Soviet Rasul Guliyev and other officials. [end recording]

Aliyev: Russian Negotiations 'Profitable'

NC1811174794 Baku TURAN in English 1118 GMT 18 Nov 94

[FBIS Transcribed Text] Moscow, November 18 (TURAN)—"In near future Russian president will issue the special decree on selling to Azerbaijan 300,000 tons of grain on favourable terms," journalists were told today at the Vnukuvo airport by Geydar Aliyev. According to him, Boris Yeltsin's reaction to the problem of reopening the railway traffic between Azerbaijan and Russia was very serious. Russian president gave a special order to the Premier Chernomyrdin concerning this issue, told Aliyev.

A second point discussed with Boris Yeltsin was the problem of settlement the Armenian-Azeri conflict. "We spoke about Major Political Agreement and touched on a wide range of problems," said Aliyev. According to him Azerbaijan will go on insisting on liberation Shusha and Lachin.

Concerning the results of negotiations, Aliyev said that "such dialogues are very profitable, Yeltsin is aware of our position and his deal [item incomplete as received]

Azeri Envoy: Russia Has No Objection to Oil Deal

LD1811132794 Moscow INTERFAX in English 1144 GMT 18 Nov 94

[FBIS Transcribed Text] Commenting on the November 17 Russian-Azeri summit, Azerbaijan's Ambassador to

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Moscow Ramiz Rizayev told INTERFAX that Moscow "raised no objections" to the oil deal between Baku and several Western companies. Under the deal, Baku allows the Amoco, Unocal, McDermott, Pennzoil and Ramco companies of the United States, the British-Norwegian alliance British Petroleum/Statoil and the Turkish Petroleum Corporation, as well as the Russian joint stock company LUKoil, to develop the oil-rich Caspian Sea shelf.

Rizayev said that Russian President Yeltsin has firmly determined for once and for all Russia's stand on the oil deal.

Russia will be playing an active role in the development of the Caspian oil fields now that its LUKoil received 10 percent of stock in the Caspian oil venture, Rizayev said.

According to Rizayev, Yeltsin and Aliyev made no mention of the recent decision to sell Iran part of Azerbaijan's stock in the oil venture. So far, Rizayev said, there is only a statement of intention stating that Iran is to receive 5 percent of the overall stock.

Azerbaijan is represented by its national oil company in the $7.5 billion venture for the development of the Azeri and Chirag deposits and the deep-water section of the Giuneshli field.

As soon as the deal was signed late last September Russia's Foreign Ministry refused to recognize it. Moscow insisted that all the Caspian nations coordinate their policies on extraction of the Sea's mineral wealth prior to an international conference for determining the Caspian Sea's legal status.

Police Clash With 'Petrol Mafia' in Balakan Region

NC1811173294 Baku TURAN in English 1427 GMT 18 Nov 94

[FBIS Transcribed Text] Baku, November 18 (TURAN)—Today in the morning the situation in the Balakan region of Azerbaijan, which is in 450 kilometres to the north-west from Baku has worsened sharply. On November 18 at 10:00 a group of armed criminals took as a hostage the Head of the Criminal Investigation Department of the Azeri Interior Ministry Colonel Zakir Nasirov, the heads of police offices of Zakatala, Kakh and Balakan regions, an employee of the Investigation Department of the Procuratory office of the republic and several policemen (they came to Balakan for conducting an operation against "petrol mafia"—sellers of fuel to the Georgia.) After that the criminals took three cars with the border-guard, who came to the place of incident. Several soldiers were wounded. The hostages were delivered to the Gabakchel village of Balakan region.

The criminals who captured the officers of the Interior Ministry, of Procuratory office and the border-guards demanded to release three of their friends, who had been arrested on the eve.

Today at 13:00 after the negotiations the hostages were exchanged for three criminals. Presently, criminals the number of which range from 40 to 100 men, are gathered in Gabakchel village and are not going to surrender to the authorities. A commandant of internal troops the General Ramiz Mamedov has left for Balakan region, the divisions of the internal troops of the Interior Ministry are gathering to the north-west of the republic. The situation remains tense.

All Hostages Freed in Belakan

LD2011105494 Moscow Radio Rossii Network in Russian 1000 GMT 20 Nov 94

[FBIS Translated Text] A group of high-ranking officers from Azerbaijan's Interior Ministry who were captured on Friday [18 November] by bandits in Belakan, 450 kilometers to the northwest of Baku, has been freed. INTERFAX reports that the terrorists demanded the release of three of their accomplices, arrested the previous day, in exchange for the hostages. The republic's leadership agreed to exchange the criminals for some of the hostages. The settlement containing the bandits was then blocked off by special units from Azerbaijan's Interior Ministry. All of the remaining officers being held hostage were freed during the operation.

Georgia

Turkish President Satisfied With Tbilisi Visit

MK1811122094 Moscow NEZAVISIMAYA GAZETA in Russian 18 Nov 94 p 3

[Report by Nodar Broladze in the "Georgia" column]

[FBIS Translated Excerpt] "This has been a brief but very useful visit"—such was the comment by Turkish President Suleyman Demirel on his one-day visit to Georgia.

President Demirel's latest official visit was called upon to consolidate the positions attained and map out new prospects. At a press conference following a one-to-one talk and a subsequent meeting at delegation level, Shevardnadze [as published] said: "This is yet another serious impetus for asserting stability in the region and strengthening good-neighborliness and friendship between the two countries." According to the head of state, the sides stated that the agreement signed with President Demirel in Tbilisi and Ankara is being successfully implemented. "This refers to economics, culture, and other areas of cooperation," Shevardnadze said.

Speaking at the press conference, President Demirel noted that Georgia occupies an important geopolitical position—not only from the point of view of regional interests. He stressed that Turkish-Georgian cooperation is developing in the interests of stabilizing the situation in the Caucasus and rendering good-neighbor assistance. The president expressed his satisfaction with the first

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results achieved by Tbilisi during the difficult transition to a market economy. [passage omitted]

PKK Activity Against Turkey Not Allowed

NC1811215794 Ankara TURKISH DAILY NEWS in English 17 Nov 94 pp 1, A8

[FBIS Transcribed Text] Tbilisi—Georgia will not allow any anti-Turkish political activities by the Kurdistan Workers' Party (PKK) in its territory, a senior official from the Georgian Foreign Ministry has told the TURKISH DAILY NEWS [TDN].

The official, who wished to remain anonymous, was answering questions for the TDN during President Suleyman Demirel's one-day working visit to Tbilisi on Tuesday [15 November].

He revealed that an attempt had been made by the PKK—which is outlawed in Turkey where it is fighting a bloody separatist war—to contact Georgian Government officials.

"We had instructions from the government to simply listen to what they were saying but not to engage in any dialogue" the official said.

"All we told them is that they could enter into cultural relations with their kinsmen in Georgia. But the bottom line was that the minute we considered them as crossing the line from cultural activities to political activities we would crush them," he said.

There are an estimated 100,000 Kurds in Georgia and there have been reports that the PKK has been attempting to lobby them against Turkey.

Diplomats in the Georgian Government say that assisting the PKK directly or through its surrogates in any way would go against the whole logic of the strategic ties Tbilisi is trying to establish with Ankara.

"They need the PKK like they need a hole in the head," one senior diplomat in the Georgian capital said.

"Georgia and Turkey are not only fully aware of the vital need to develop their ties as far as this will go but there is also no benefit to be reaped by Tbilisi from supporting the PKK as Armenia is allegedly doing," he added.

Turkish and Georgian officials have indicated that there is complete understanding between the two sides to cooperate in the area of security with a view to combatting not just terrorism but also mafia type activities.

Taking a "realistic approach" one Turkish official indicated that while it did not please Ankara that the PKK should be allowed to make even "cultural contacts" in Georgia this had to be evaluated against the backdrop of multiethnicity in that country.

"With ethnic problems all around there is the need to ensure that no minority is alienated in a way that could cause any more headaches for Georgia than it already has," he said. "We are satisfied however that the PKK's political activities in this country are being closely monitored with a view to ensuring they do not cast even the suggestion of a shadow over ties with Turkey," this official added.

Prime Minister, Delegation Depart for Paris

LD1911150994 Tbilisi CONTACT INFORMATION AGENCY in Russian 1200 GMT 19 Nov 94

[FBIS Translated Text] Tbilisi—A Georgian delegation led by Prime Minister Otar Patsatsia left for Paris on 19 November to participate in a meeting of donor countries.

Ioseliani Claims Impasse at Talks on Abhazia

LD1811172694 Moscow INTERFAX in English 1446 GMT 18 Nov 94

[FBIS Transcribed Text] The talks on Abkhazia's status underway in Geneva "have reached a deadlock because of the Abkhaz side's obstinate position," Dzhaba Ioseliani, the chief Georgian negotiator has declared.

He reported in an interview with Georgian television Friday [18 November] that a final meeting will be held to discuss anew the plan of a settlement, put forward by UN, CSCE, and Russia and "on the whole acceptable for the Georgian side."

The plan, Ioseliani said, provides for Georgian federal structure elements to be taken into account in defining Abkhazia's political status, however, the Abkhazi side insists on an independent status for Abkhazia. "Nor has agreement been reached on the refugees return issue," Ioseliani declared. "The Abkhazis again flatly rejected the plan of UN and Russia on bringing 3000 Georgian refugees back to the Gala region during December-January."

He did not rule out that on Friday UN and Russian representatives "can apply to Abkhazia some measures of restraint which will change its posture."

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Estonia

France To Help Estonia Normalize Ties With Russia

LD1811212094 Moscow INTERFAX in English 1957 GMT 18 Nov 94

[FBIS Transcribed Text] France is ready to render assistance Estonia in normalizing its relations with Russia if both parties show interest, head of the political section of Estonia's Foreign Ministry Toivo Klaar declared to Interfax commenting on the meeting with the head of the Central Europe section of the French Foreign Ministry Christian Rouyer.

Klaar pointed out that participants of this meeting focused their attention on the Estonian-Russian relations, they believe that the CSCE could play an important role in normalizing relations between these countries.

Rouyer also declared about interest of his country in Estonia's integration in European structures. In his words, France, which will chair the European Union in the near term, intends to do its utmost in order to sign an agreement with the European Union on associate membership of this Baltic Republic in January-February 1995.

Russian Representatives Discuss 'Illegal Immigrants'

WS1711144994 Tallinn ETA in English 0757 GMT 17 Nov 94

[From 17 November PAEVALEHT, EESTI SONUMID, p 1, 2; "News Bulletin" No. 224/94]

[FBIS Transcribed Text] Thursday, November 17—Three-day consular consultations between Estonian and Russian representatives ended in the Foreign Ministry yesterday. One of the issues discussed was the return to Russia of citizens of third states, who had illegally entered Estonia from Russia.

The Russian delegation was headed by Russian Foreign Ministry consular section head Safronov, the Estonian delegation was headed by Peeter Kapten, head of Estonian Foreign Ministry consular section. The Russian delegation proposed to hold next round of delegations in Moscow.

The illegal immigrants held in Estonia claim that former Justice Minister Urmas Arumae had given them false promises on allowing them to leave for Scandinavia in order to end the hunger strike. The detainees organised a riot last Thursday in Maardu prison and caused property damage of 20,000 kroons. Twenty-one of them were subsequently transferred to the Tallinn Central prison.

Two MP's, Karin Jaani and Jaan Kaplinski, several clergymen and a member of a Christian Finnish business association have signed an appeal for the detained illegal immigrants, asking that the Estonian Government approach the Finnish authorities on the issue of admitting the immigrants in Finland. Finland cannot volunteer to admit them, since this would result in a wave of further applicants, the statement read.

Concern Over Spread of KGB Documents

LD2011185894 Moscow INTERFAX in English 1814 GMT 20 Nov 94

[FBIS Transcribed Text] The Estonian Government is concerned about the spreading of documents on the former KGB, the Estonian Government's Press Secretary Ain Saarna told a press conference.

He said that according to government sources, these documents are sold on the black market at an average price of $20. Advertisements on the sale of such documents can be seen in newspapers. Some of the documents can even be bought in the neighboring countries, above all Finland. Saarna said that Estonia's Archives Department "has lost dozens of thousands of files on the activity of the KGB and other intelligence agencies."

He said that the origin of the document had not been established yet. It is not clear, for instance, whether they are part of the archives passed to Estonia in 1991. According to some sources, at least some of them have leaked out from the Estonian Police Department.

In accordance with the law, all organizations and departments, and private individuals were to provide information about documents on the work of intelligence and repressive bodies in their possession by July 1. To date, only the General Staff of the Estonian Defense Forces has fulfilled this demand.

Lithuania

Prime Minister Slezevicius Departs for U.S.

LD2111062594 Moscow ITAR-TASS in English 0611 GMT 21 Nov 94

[By ITAR-TASS correspondent Vladas Buebulis]

[FBIS Transcribed Text] Vilnius November 21 TASS—Lithuanian Prime Minister Adolfas Slezevicius left for a five-day working visit to the United States on Monday [21 November] to look for foreign investments into the national economy.

The main aim of the visit, which is carried out upon the invitation of the American-Baltic foundation, is to acquaint US businessmen with Lithuanian legislation on foreign investments, with the possibilities of the national market.

The foundation also invited the prime ministers of Latvia and Estonia.

President Ulmanis Interviewed on Independence Day

LD1811202394 Moscow Russian Television Network in Russian 1700 GMT 18 Nov 94

[FBIS Translated Text] The day of the proclamation of the Republic (known in Latvia as Independence Day) is

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celebrated in Latvia today. On this occasion the Republic's president gave an interview to our program for the first time. Latvia marked the 76th anniversary of the proclamation of its state today. In a restrained and critical speech at the ceremonial session of the parliament Anatolijs Gorbunovs, chairman of the Saeima, said that, while implementing the reforms, the individual for whom these reforms were being carried out, was sometimes left aside.

After the withdrawal of Russian troops and the signing of the relevant agreements a new stage in the relations between Latvia and Russia has begun.

To a question by Vesti about prospects for their development and about the position of ethnic Russians in Latvia, the republic's President Guntis Ulmanis replied:

[Begin Ulmanis recording] We want Russian people in Latvia to live as fully-valued citizens of our state and not as political hostages of a neighboring state. I would not want Russia to create an image of Latvia as an enemy. You know, we are ready to stop and we are stopping saying all the time that Russia is to blame for all Latvian problems. I think for us this is history now. We have no alternative. Russia and Latvia share a (common) border and we will remain neighbors. The sooner we resolve these matters, in a peaceful, friendly and well-considered way, the better it will be for the both sides. [end recording]

Gylys: Vilnius Sees Kaliningrad as 'Part of Russia'

LD1711191994 Moscow INTERFAX in English 1615 GMT 17 Nov 94

[From the "Diplomatic Panorama" feature: by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] Vilnius acts on the assumption that the Kaliningrad region is part of Russia.

Lithuania's Foreign Minister Povilas Gylys said in a televised appearance Wednesday [16 November] night that Russia enjoyed "the right to make decisions on its Kaliningrad region."

Earlier, the Baltic Assembly passed a resolution on the demilitarization and future of the Kaliningrad region which questions the Russian claim on that area. The Russian Foreign Ministry offered a negative response to that document. According to Povilas Gylys, the resolution reflected only the Assembly's point of view.

Nonetheless, Gylys feels that the Lithuanian recognition of the Russian claim on the Kaliningrad region leaves room for the open- hearted discussion of the issue in question. After all, he said, Vilnius refrains from playing up what Russian lawmakers choose to say about plans to divide Lithuania.

Gylys suggested that a round table conference in the context of the European Stability Pact discuss the fate of the Kaliningrad region and future relations between the region and Lithuania, Poland, Sweden and Germany.

Russian Transit Allowable Under 'Internal Rules'

WS2111101594 Tallinn BNS in English 1930 GMT 18 Nov 94

[FBIS Transcribed Text] Vilnius, Nov 18, BNS—The Lithuanian Foreign Ministry announced Friday [18 November] that Russian military transit to the Kaliningrad region through Lithuania will be allowed according to Lithuania's internal rules starting Jan. 1.

The ministry made the announcement in a statement released after Lithuanian and Russian experts broke off their meeting in Moscow Thursday. Russian diplomats blamed the failed talks on Lithuania.

The Lithuanian ministry's statement suggests that no special agreement on military transit will be signed with Russia. Such a position was strongly backed by nearly all political forces in Lithuania with the exception of the ruling Lithuanian Democratic Labor Party and President Algirdas Brazauskas.

Although no mutually acceptable agreement was achieved at Thursday's meeting in Moscow, the sides cleared up their positions on a draft military transit agreement proposed by Lithuania and its military transit rules, the statement said.

"Although there is doubt that, owing to essential differences in the positions of the sides, the problem can be regulated with a mutually acceptable bilateral agreement, Lithuania suggests and will continue to suggest to resolve all problems by way of negotiations and is determined to allow Russian military transit through Lithuanian territory according to the rules approved by the Lithuanian government starting Jan 1, 1995."

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